

TAX REFORM CODE OF 1971 - ALTERNATIVE SPECIAL TAX FOR POVERTY STUDY,
CONTRIBUTIONS TO BREAST AND CERVICAL CANCER RESEARCH AND VOLUNTEER
RESPONDER RETENTION AND RECRUITMENT TAX CREDIT

Act of Jul. 9, 2008, P.L. 922, No. 66

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HB 377

AN ACT

Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An act relating to tax reform and State taxation by codifying and enumerating certain subjects of taxation and imposing taxes thereon; providing procedures for the payment, collection, administration and enforcement thereof; providing for tax credits in certain cases; conferring powers and imposing duties upon the Department of Revenue, certain employers, fiduciaries, individuals, persons, corporations and other entities; prescribing crimes, offenses and penalties," in personal income tax, providing for alternative special tax provision for poverty study; further providing for contributions to breast and cervical cancer research; and providing for volunteer responder retention and recruitment tax credit.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended by adding a section to read:

Section 304.1. Alternative Special Tax Provision for Poverty Study.--(a) The General Assembly directs the Joint State Government Commission to conduct or provide for a comprehensive study to determine whether alternative forms of special tax provisions for poverty would be more beneficial to persons who, because of poverty, are determined to be in need of special tax provisions.

(b) The study shall include a comparison between the special tax provisions for poverty set forth under section 304 and the earned income credit allowable under section 32 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 32), as amended.

(c) The study shall consider any effects of linking the alternative special tax provisions for poverty to Federal law, including any misuse that may be inherent in the Federal program.

(d) The study shall ascertain any differences between the fiscal costs to the Commonwealth of the special tax provisions for poverty set forth under section 304 and projected fiscal costs of other alternative provisions.

(e) The Joint State Government Commission is authorized to hire or retain consultants, utilizing a request for proposal procedure, as necessary to assist in the performance of its duties under this section.

(f) The executive director of the Joint State Government Commission shall present a report summarizing the results of this study to the chairman and the minority chairman of the Finance Committee of the Senate and the chairman and the minority chairman of the Finance Committee of the House of Representatives after August 1, 2009, and before September 1, 2009.

Section 2. Section 315.2 of the act, added May 7, 1997 (P.L.85, No.7), is amended to read:

Section 315.2. Contributions to Breast and Cervical Cancer Research.--(a) The department shall provide a space on the Pennsylvania individual income tax return form whereby an individual may voluntarily designate a contribution of any amount desired to be utilized for breast and cervical cancer research [in the Department of Health].

(b) The amount so designated on the individual income tax return form shall be deducted from the tax refund to which the individual is entitled and shall not constitute a charge against the income tax revenues due to the Commonwealth.

(c) The department shall determine annually the total amount designated under this section, less reasonable administrative costs, and shall report the amount to the State Treasurer who shall transfer the amount from the General Fund to the [Pennsylvania Cancer Control, Prevention and Research Advisory Board within the Department of Health] **Pennsylvania Breast Cancer Coalition**.

(d) The department shall provide adequate information concerning the checkoff for breast and cervical cancer research in its instructions which accompany State income tax return forms. The information concerning the checkoff shall include the listing of an address furnished by the Department of Health to which contributions may be sent by taxpayers wishing to contribute to this effort but who do not receive refunds. Additionally, the [Department of Health] **Pennsylvania Breast Cancer Coalition** shall be charged with the duty to conduct a public information campaign on the availability of this opportunity to Pennsylvania taxpayers.

(e) The [Department of Health] **Pennsylvania Breast Cancer Coalition** shall report annually to the respective committees of the Senate and the House of Representatives which have jurisdiction over health matters on the amount received via the checkoff plan and how the funds were utilized.

(f) The General Assembly may, from time to time, appropriate funds for breast and cervical cancer research [within the Department of Health].

Section 3. The act is amended by adding articles to read:

ARTICLE XVIII-C

(RESERVED)

ARTICLE XVIII-D

**VOLUNTEER RESPONDER RETENTION
AND RECRUITMENT TAX CREDIT**

Section 1801-D. Definitions.

The following words and phrases when used in this article shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Active volunteer." A volunteer for a volunteer ambulance service, volunteer fire company or volunteer rescue company certified as meeting the criteria of this act as set forth under section 1807-D.

"Commissioner." The State Fire Commissioner appointed under section 3 of the act of November 13, 1995 (P.L.604, No.61), known as the State Fire Commissioner Act.

"Department." The Department of Revenue of the Commonwealth.

"Director." The director of the Emergency Medical Services Office in the Department of Health.

"Qualified tax liability." The liability for taxes imposed under Article III for the taxable year beginning after December 31, 2007 and ending before January 1, 2009.

"Tax credit." The tax credit available to active volunteers under this article.

"Taxpayer." An individual subject to payment of taxes under Article III.

"Volunteer ambulance service." As defined in section 102 of the act of July 31, 2003 (P.L.73, No.17), known as the Volunteer Fire Company and Volunteer Ambulance Service Grant Act.

"Volunteer fire company." As defined in section 102 of the act of July 31, 2003 (P.L.73, No.17), known as the Volunteer Fire Company and Volunteer Ambulance Service Grant Act.

"Volunteer rescue company." As defined in section 102 of the act of July 31, 2003 (P.L.73, No.17), known as the Volunteer Fire Company and Volunteer Ambulance Service Grant Act.

Section 1802-D. Application.

(a) Application to department.--A taxpayer may submit an application for a tax credit under this article in a manner required by the department. The application shall contain the following information:

- (1) The name and tax identification number of the taxpayer.
- (2) The name and location of the volunteer fire company, volunteer ambulance service or volunteer rescue company of which the taxpayer is an active volunteer.
- (3) A certification for the applicant described in section 1809-D.
- (4) Any other information deemed appropriate by the department.

(b) Procedure.--The application shall be attached to the applicant's annual tax return required to be filed under Article III.

Section 1803-D. Taxpayer credit.

A taxpayer may claim a tax credit against the qualified tax liability of the taxpayer.

Section 1804-D. Taxpayer eligibility.

(a) Credit.--A taxpayer shall be eligible for a tax credit under subsection (b) against the tax imposed under Article III if the taxpayer is an active volunteer within this Commonwealth.

(b) Maximum credit.--The following shall apply:

- (1) A taxpayer who qualifies under subsection (a) may claim a tax credit of \$100.
- (2) (i) If the taxpayer is not an active volunteer for the entire tax year, the amount of the tax credit shall be prorated and the credit amount shall equal the maximum amount of credit for the tax year, divided by 12, multiplied by the number of months in the tax year the taxpayer was an active volunteer. The credit shall be rounded to the nearest \$5.

(ii) If the taxpayer is an active volunteer during any part of a month, the taxpayer shall be considered an active volunteer for the entire month.

Section 1805-D. Carryover and carryback.

(a) General rule.--If the taxpayer cannot use the entire amount of the tax credit for the taxable year in which the taxpayer is eligible for the credit, the excess may be carried over to succeeding taxable years and used as a credit against the qualified tax liability of the taxpayer for those taxable years. Each time the tax credit is carried over to a succeeding taxable year, it shall be reduced by the amount that was used as a credit during the immediately preceding taxable year. The tax credit provided by this article may be carried over and applied to succeeding taxable years for no more than three taxable years following the first taxable year for which the taxpayer was entitled to claim the credit.

(b) Application.--A tax credit approved by the department in a taxable year shall first be applied against the taxpayer's qualified liability for the current taxable year as of the date on which the credit was approved before the tax credit can be applied against any tax liability under subsection (a).

(c) Limitations.--A taxpayer is not entitled to carry back, obtain a refund of, sell or assign an unused tax credit.
Section 1806-D. Total amount of credits.

The total amount of tax credits authorized by this article shall not exceed \$4,500,000.

Section 1807-D. Point system.

(a) General rule.--The commissioner and the director shall jointly develop and implement a point system establishing the annual requirements for certification of active volunteers.

(b) Factors.--To determine whether to certify an individual as an active volunteer, the point system shall consider the following factors:

(1) The number of emergency calls responded to.

(2) The volunteer's level of training and participation in formal training and drills.

(3) Time spent on administration and support activities, including fundraising and maintenance of facilities and equipment.

(4) Involvement in other projects that directly benefit the organization's financial viability, emergency response or operational readiness.

Section 1808-D. (Reserved).

Section 1809-D. Certification.

(a) Self certification.--The active volunteer shall sign and submit the application to the chief of the volunteer fire company or the supervisor or chief of the volunteer ambulance service or volunteer rescue company fire or EMS department where he or she serves.

(b) Local sign-off.--The chief and another officer of the volunteer fire company, the supervisor or chief and another officer of the volunteer ambulance service or volunteer rescue company shall sign the application attesting to the individual's status as an active volunteer. The application shall then be forwarded to the department for final review and processing.

Section 1810-D. Guidelines.

The department shall adopt guidelines, including forms, necessary to administer this article. The department may require proof of the claim for tax credit.

Section 1811-D. Report to General Assembly.

No later than June 1, 2009, the department shall submit a report on the tax credits granted under this article and the applicability of the tax credit to the retention of active volunteers of a volunteer ambulance service, volunteer fire company or volunteer rescue company. The report shall include the names of taxpayers who utilized the credit as of the date of the report and the amount of credits approved. The report may include recommendations for changes in the calculation or administration of the tax credit. The report shall be submitted to the chairman and minority chairman of the Appropriations Committee of the Senate, the chairman and minority chairman of the Appropriations Committee of the House of Representatives, the chairman and minority chairman of the Finance Committee of the Senate and the chairman and minority chairman of the Finance Committee of the House of Representatives. The report may include other information that the department deems appropriate.

Section 1812-D. Penalty.

A taxpayer who claims a credit under this article but fails to meet the standards under section 1804-D shall repay the full amount of the tax credit to the Commonwealth.

Section 4. The addition of Article XVIII-D of the act shall apply to taxable years beginning after December 31, 2007, and ending before January 1, 2009.

Section 5. This act shall take effect immediately.

APPROVED--The 9th day of July, A. D. 2008.

EDWARD G. RENDELL