

TAX REFORM CODE OF 1971 - EXCLUDED TRANSACTIONS, TAX CREDIT,
GRANT OF TAX CREDIT AND REPORTING

Act of Oct. 24, 2018, P.L. 675, No. 100

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Session of 2018
No. 2018-100

HB 645

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 realty transfer tax, further providing for excluded transactions; and, in neighborhood assistance tax credit, further providing for tax credit and for grant of tax credit and providing for reporting.

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

Section 1. Section 1102-C.3 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended by adding a paragraph to read:

Section 1102-C.3. Excluded Transactions.--The tax imposed by section 1102-C shall not be imposed upon:

* * *

(25) Beginning on or after December 31, 2015, a transfer of real estate by a housing authority created under the act of May 28, 1937 (P.L.955, No.265), referred to as the Housing Authorities Law, to a nonprofit organization which is utilizing the real estate for the purpose of Rental Assistance Demonstration administered by the United States Department of Housing and Urban Development under the Consolidated and Further Continuing Appropriations Act, 2012 (Public Law 112-55, 125 Stat. 552).

Section 2. Sections 1904-A(c) and 1905-A of the act are amended to read:

Section 1904-A. Tax Credit.--* * *

(c) The total amount of tax credit granted for programs approved under this act shall not exceed [eighteen million dollars (\$18,000,000)] **thirty-six million dollars (\$36,000,000)** of tax credit in any fiscal year.

* * *

Section 1905-A. Grant of Tax Credit.--**(a)** The Department of Revenue shall grant a tax credit against any tax due under Article III, IV, VI, VII, VIII, IX or XV of this act, or any tax substituted in lieu thereof in an amount which shall not exceed fifty-five per cent of the total amount contributed during the taxable year by a business firm or twenty-five per cent of qualified investments by a private company in programs approved pursuant to section 1904-A of this act: Provided, That a tax credit of up to seventy-five per cent of the total amount contributed during the taxable year by a business firm or up to thirty-five per cent of the amount of qualified investments

by a private company may be allowed for investment in programs where activities fall within the scope of special program priorities as defined with the approval of the Governor in regulations promulgated by the secretary, and Provided further, That a tax credit of up to seventy-five per cent of the total amount contributed during the taxable year by a business firm in comprehensive service projects with five-year commitments and up to eighty per cent of the total amount contributed during the taxable year by a business firm in comprehensive service projects with six-year or longer commitments shall be granted, and Provided further, That a tax credit of up to seventy-five per cent of the total amount contributed during the taxable year by a business firm in veterans' housing assistance approved under section 1904-A(b.3) shall be granted. Such credit shall not exceed five hundred thousand dollars (\$500,000) annually for contributions or investments to fewer than four projects or one million two hundred fifty thousand dollars (\$1,250,000) annually for contributions or investments to four or more projects. No tax credit shall be granted to any bank, bank and trust company, insurance company, trust company, national bank, savings association, mutual savings bank or building and loan association for activities that are a part of its normal course of business. Any tax credit not used in the period the contribution or investment was made may be carried over for the next five succeeding calendar or fiscal years until the full credit has been allowed. A business firm shall not be entitled to carry back or obtain a refund of an unused tax credit. The total amount of all tax credits allowed pursuant to this act shall not exceed [eighteen million dollars (\$18,000,000)] **thirty-six million dollars (\$36,000,000)** in any one fiscal year. Of that amount, two million dollars (\$2,000,000) shall be allocated exclusively for pass-through entities. However, if the total amounts allocated to either the group of applicants, exclusive of pass-through entities, or the group of pass-through entity applicants is not approved in any fiscal year, the unused portion shall become available for use by the other group of qualifying taxpayers.

(b) Notwithstanding any other provision of law and except for the tax credits which are granted under subsection (a) on the effective date of this subsection, no additional tax credits may be granted under this article.

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

Section 1908-A. Reporting.--The Department of Community and Economic Development shall issue a report within 12 months of the effective date of this section and each five years thereafter. The report shall include a funding evaluation of the neighborhood assistance program and recommendations for the tax credit, specifically including ways the department can interact with and promote the inclusion of community organizations that have not previously been included in projects receiving credits. Copies of the report shall be submitted to the chair and minority chair of the Finance Committee of the Senate and the chair and minority chair of the Finance Committee of the House of Representatives.

Section 4. The addition of section 1102-C.3(25) of the act shall apply to a county of the fifth class with a population of between 115,000 and 118,000 in the 2010 Federal Decennial Census which filed an appeal with the Board of Finance and Revenue after December 31, 2015.

Section 5. This act shall take effect as follows:

(1) This section shall take effect immediately.

(2) Section 4 of this act and the addition of section 1102-C.3(25) of the act shall take effect in 60 days.

(3) The remainder of this act shall take effect July 1, 2019.

APPROVED--The 24th day of October, A.D. 2018.

TOM WOLF