

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 73

Session of
1995

INTRODUCED BY STRITTMATTER, ARMSTRONG, GEIST, BIRMELIN, KING,
HERMAN, LEH, HUTCHINSON, COY AND WAUGH, JANUARY 19, 1995

REFERRED TO COMMITTEE ON FINANCE, JANUARY 19, 1995

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," providing for the New Jobs Creation Tax Credit.

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

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

16 ARTICLE XXII

17 NEW JOBS CREATION TAX CREDIT

18 Section 2201. Definitions.--The following words, terms and
19 phrases, when used in this article, shall have the meanings
20 ascribed to them in this section, except where the context
21 clearly indicates a different meaning:

1 "Average New Income Tax Revenue." The sum of the total
2 amount of tax withheld from a new employee's compensation divided
3 by the number of new employes multiplied by the number of net
4 new employes.

5 "Base year." The year immediately preceding the tax year in
6 which the credit is initially claimed for a net new employe.

7 "Compensation." The term has the meaning given in section
8 301.

9 "Credit." The New Jobs Creation Tax Credit established in
10 section 2202.

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

12 "Employee." The term has the meaning given in section 301.

13 "Employer." An individual, partnership, association,
14 corporation or any other entity that is required under the
15 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1
16 et seq.) to withhold Federal income tax from wages paid to an
17 employe and that is subject to any of the taxes imposed by
18 Article II, III, IV or VI.

19 "Net new employes." The difference between the number of
20 employes for whom W-2 Forms were filed by the employer with the
21 Department of Revenue in the base year and the number of
22 employes for whom W-2 Forms were filed by the employer with the
23 department in the first year a credit is claimed. The term does
24 not include any individual who is an employe of the employer and
25 who has a direct or indirect ownership interest in at least five
26 per cent of the profits, capital or value of the employer. Such
27 ownership interest shall be determined in accordance with
28 section 1563 of the Internal Revenue Code of 1986 (Public Law
29 99-514, 26 U.S.C. § 1563) and the regulations prescribed under
30 that section.

1 "New employe." An employe hired in the year in which the
2 credit is claimed.

3 "Secretary." The Secretary of Revenue of the Commonwealth.
4 Section 2202. Authorization of Credit.--(a) Every employer
5 in this Commonwealth shall be entitled to a credit against any
6 of the taxes imposed by Articles II, III, IV and VI and against
7 any payment of estimated taxes or tentative tax due on account
8 of such taxes for employing at least one net new employe during
9 the tax year.

10 (b) The amount of a tax credit available to an employer who
11 qualifies for a credit under this section shall be equal to
12 fifty per cent of the average new income tax revenue generated
13 by a net new employe in the first year of employment, forty per
14 cent of the new income tax revenue generated by the net new
15 employe in the second year of employment and thirty per cent of
16 new income tax revenue generated by the net new employe in the
17 third year of employment.

18 (c) The amount of the credit which exceeds the employer's
19 tax liability and cannot be utilized in a given tax year may be
20 carried over for credit against the taxes imposed by Articles
21 II, III, IV and VI for not more than five successive tax years.

22 Section 2203. Procedure.--(a) The department shall
23 establish regulations detailing the requirements and procedures
24 applicable to claiming the credit. The department may also
25 request that the employer submit records and other documents
26 which indicate that the requirements of this article have been
27 satisfied.

28 (b) Not later than January 31, 1996, and each January 31
29 thereafter, applications for tax credits must be filed by
30 employers for credits due for new employes hired during the

1 immediately previous calendar year.

2 (c) Not later than June 1, 1996, and each June 1 thereafter,
3 each employer who has filed a complete application for credits
4 pursuant to this section shall be notified by the department in
5 regard to the amount of the tax credit. An application shall be
6 deemed complete and processible only if it is signed and
7 contains the employer's name, address, identifying numbers and
8 sufficient other information and documentation necessary to
9 determine the amount of the tax credit.

10 (d) Appeals of determinations made pursuant to this article
11 shall be made pursuant to the administrative provisions of
12 Article IV, except that the approval of the Auditor General
13 shall not be required.

14 Section 2204. Applicability.--This article shall apply to
15 tax years commencing on or after January 1, 1996.

16 Section 2. This act shall take effect immediately.