

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 491 Session of
1997

INTRODUCED BY REINARD, TRELLO, MCGILL, FICHTER, MUNDY, GORDNER,
DENT, MAITLAND, ITKIN, BOSCOLA, ROONEY, SATHER, SURRA,
FAIRCHILD, COY, SEMMEL, LYNCH, WILT, WAUGH, E. Z. TAYLOR,
STEELMAN, STERN, GEIST, BAKER, STURLA, DEMPSEY, RAYMOND,
COLAFELLA, L. I. COHEN, EGOLF, SEYFERT, HUTCHINSON AND
B. SMITH, FEBRUARY 12, 1997

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 12, 1997

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 a credit against the corporate net
11 income tax.

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

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

17 Section 402.2. Credit Against Tax.--(a) A corporation shall
18 be allowed a credit, to be computed as provided in this section,
19 against its corporate net income tax. The credit shall be an
20 amount equal to:

1 (1) Fifty per cent of the net costs expended by the
2 corporation during the tax year for the operation and
3 maintenance by the corporation of a not-for-profit child care
4 center for children of the corporation's employees, plus fifty
5 per cent of the annual depreciation allowance for capital
6 expenditures for the construction or renovation of the child
7 care center, if the following requirements are met:

8 (i) The child care center has been issued a valid license by
9 the Department of Public Welfare.

10 (ii) Children of the taxpayer's employees utilize the center
11 on a regular basis.

12 (iii) At least fifty per cent of the employees utilizing the
13 child care center are not stockholders who own more than ten per
14 cent in value of the stock of the corporation.

15 (iv) The child care program equitably benefits groups of
16 employees who qualify under a classification set up by the
17 employer which is not discriminatory in favor of highly
18 compensated individuals, officers, shareholders, owners or their
19 dependents.

20 (v) At least eighty per cent of the children utilizing the
21 child care center shall be children of the corporation's
22 employees.

23 (2) Fifty per cent of the contributions made by a
24 corporation to a child care center not operated by the
25 corporation, if the following requirements are met:

26 (i) The child care center has been issued a valid license by
27 the Department of Public Welfare.

28 (ii) At least fifty per cent of the employees utilizing the
29 child care center are not stockholders who own more than ten per
30 cent in value of the stock of the corporation.

1 (iii) The child care program equitably benefits groups of
2 employees who qualify under a classification set up by the
3 corporation which is not discriminatory in favor of highly
4 compensated individuals, officers, shareholders, owners or their
5 dependents.

6 (3) Fifty per cent of the contributions made by the
7 corporation to be used in Pennsylvania toward the purchase by
8 the corporation's employees of child care for the employees'
9 children from a licensed child care provider other than a child
10 care provider described in clauses (1) and (2), provided that
11 the child care program equitably benefits groups of employees who
12 qualify under a classification set up by the corporation which
13 is not discriminatory in favor of highly compensated
14 individuals, officers, shareholders, owners or their dependents.

15 (b) The credit allowed under this section for any taxable
16 year shall not exceed the amount due that year pursuant to this
17 article.

18 (c) As used in this section "highly compensated individuals"
19 means those individuals who, in the aggregate, receive the top
20 twenty-five per cent of all employee compensation paid by the
21 taxpayer.

22 Section 2. This act shall apply to taxable years commencing
23 on and after January 1, 1998.

24 Section 3. This act shall take effect in 60 days.