

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 880 Session of
2005

INTRODUCED BY ROBBINS, D. WHITE, LEMMOND, MELLOW, PIPPY,
RHOADES, FONTANA, PUNT, WENGER, KASUNIC, ERICKSON, ORIE,
COSTA, ARMSTRONG, PILEGGI, WASHINGTON, GREENLEAF, M. WHITE,
BOSCOLA, RAFFERTY, BROWNE, MUSTO, WOZNIAK, CORMAN, PICCOLA,
LOGAN AND REGOLA, SEPTEMBER 23, 2005

REFERRED TO FINANCE, SEPTEMBER 23, 2005

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 tax credit for employers of
11 members of a reserve component of the armed forces.

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 an article to
16 read:

ARTICLE XVIII-C

RESERVE COMPONENT

EMPLOYER TAX CREDIT

20 Section 1801-C. Definitions.

21 The following words and phrases when used in this article

1 shall have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

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

4 "Reserve component of the armed forces." The United States
5 Army Reserve, United States Navy Reserve, United States Marine
6 Corps Reserve, United States Air Force Reserve, Pennsylvania
7 Army National Guard and Pennsylvania Air National Guard.

8 "Tax credit." The tax credit available to employers of
9 members of any reserve component of the armed forces under this
10 article.

11 "Taxpayer." An entity subject to tax under Article III, IV
12 or VI.

13 Section 1802-C. Credit for employment.

14 (a) Credit available.--A taxpayer is eligible for a tax
15 credit as provided in subsection (b) against the tax imposed
16 under Article III, IV or VI, but shall not include any tax
17 withheld by an employer from an employee under Article III, if:

18 (1) the taxpayer hires an active member of a reserve
19 component of the armed forces;

20 (2) an employee of the taxpayer enlists in a reserve
21 component of the armed forces; or

22 (3) an employee of the taxpayer reenlists in a reserve
23 component of the armed forces.

24 (b) Maximum credit.--A taxpayer may claim a tax credit in
25 the amount of \$1,000 for each full-time employee who qualifies
26 under subsection (a)(1), (2) or (3). A taxpayer may claim a
27 credit under this section only once with respect to each
28 qualified employee and may not claim a credit if a previous
29 employer of the employee claimed a credit.

30 (c) Claim period.--Claims for a tax credit shall be filed

1 for the first taxable year for which the taxpayer was entitled
2 to claim the credit. Failure to comply with this subsection
3 shall constitute a waiver of the credit.

4 Section 1803-C. Carryover and carryback of credit.

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

17 (b) No carryback.--A taxpayer is not entitled to carry back
18 or obtain a refund of an unused tax credit.

19 Section 1804-C. Total amount of credits.

20 The total amount of tax credits authorized by this article
21 shall not exceed \$5,000,000 in each fiscal year. If the credits
22 exceed the \$5,000,000 cap in a given year, the credits will be
23 allocated on a pro rata basis.

24 Section 1805-C. Regulations.

25 The department shall prepare any forms that may be necessary
26 to claim a tax credit, may require proof of the claim for the
27 tax credit and may adopt rules and regulations to administer the
28 credit.

29 Section 2. This act shall take effect in 60 days.