

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 285 Session of 2009

INTRODUCED BY BENNINGHOFF, BAKER, BEAR, BEYER, BOYD, BROOKS, CALTAGIRONE, CAUSER, D. COSTA, DALLY, FLECK, GOODMAN, HUTCHINSON, KAUFFMAN, KILLION, PICKETT, REICHLEY, ROCK, SCAVELLO, SWANGER, THOMAS, VULAKOVICH, WALKO AND GIBBONS, FEBRUARY 6, 2009

REFERRED TO COMMITTEE ON EDUCATION, FEBRUARY 6, 2009

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 postsecondary education tax
11 credit.

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:

17 ARTICLE XVIII-E

18 POSTSECONDARY EDUCATION TAX CREDIT

19 Section 1801-E. Definitions.

20 The following words and phrases when used in this article
21 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Applicant." The taxpayer, who may be a student, who is
3 applying for the tax credit under section 1802-E.

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

5 "Dependent." A child who is the dependent of a claimant for
6 purposes of section 151 of the Internal Revenue Code of 1986
7 (Public Law 99-514, 26 U.S.C. § 151).

8 "Qualified tax liability." The liability for taxes imposed
9 under Article III for the taxable year beginning after December
10 31, 2008, and each taxable year thereafter.

11 "State-related institution." The Pennsylvania State
12 University, the University of Pittsburgh, Temple University,
13 Lincoln University and their branch campuses.

14 "State System of Higher Education institution." An
15 institution that is a State-owned college or university as
16 specified under section 2002-A of the act of March 10, 1949
17 (P.L.30, No.14), known as the Public School Code of 1949.

18 "Student." A resident student who is accepted for enrollment
19 in or is attending a State-related institution or State System
20 of Higher Education institution of postsecondary education in
21 this Commonwealth.

22 "Tax credit." The postsecondary education tax credit.

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

25 Section 1802-E. Application.

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

30 (1) The name and tax identification number of the

1 applicant.

2 (2) The name and tax identification number of the
3 student for which the tax credit is being claimed.

4 (3) The name of the State school or State-related
5 institution which the student attends.

6 (4) Any other information deemed appropriate by the
7 department.

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

11 Section 1803-E. Taxpayer credit.

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

14 Section 1804-E. Taxpayer eligibility.

15 (a) Credit.--A taxpayer shall be eligible for a tax credit
16 under subsection (b) against the tax imposed under Article III
17 if the applicant is a student or if a student is a dependent of
18 the applicant. A tax credit shall not be claimed more than once
19 on behalf of a single student in a taxable year.

20 (b) Maximum credit.--A taxpayer who qualifies under
21 subsection (a) may claim a tax credit of \$1,500.

22 Section 1805-E. Carryover and carryback.

23 (a) General rule.--If the taxpayer cannot use the entire
24 amount of the tax credit for the taxable year in which the
25 taxpayer is eligible for the credit, the excess may be carried
26 over to succeeding taxable years and used as a credit against
27 the qualified tax liability of the taxpayer for those taxable
28 years. Each time the tax credit is carried over to a succeeding
29 taxable year, it shall be reduced by the amount that was used as
30 a credit during the immediately preceding taxable year. The tax

1 credit provided by this article may be carried over and applied
2 to succeeding taxable years for no more than three taxable years
3 following the first taxable year for which the taxpayer was
4 entitled to claim the credit.

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

10 (c) Limitations.--A taxpayer is not entitled to carry back,
11 obtain a refund of, sell or assign an unused tax credit.

12 Section 1806-E. Guidelines.

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

16 Section 1807-E. Penalty.

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

20 Section 2. The addition of Article XVIII-E of the act shall
21 apply to taxable years beginning after December 31, 2008.

22 Section 3. This act shall take effect immediately.