

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2065 Session of 2011

INTRODUCED BY BARBIN, HORNAMAN, MURT, KAVULICH, BISHOP, BOYD, B. BOYLE, K. BOYLE, BRADFORD, BRENNAN, BRIGGS, BROWNLEE, BURNS, BUXTON, CALTAGIRONE, CARROLL, COHEN, CONKLIN, D. COSTA, P. COSTA, CREIGHTON, CRUZ, CURRY, DALEY, DAVIS, DAVIDSON, DEASY, DELISSIO, DeLUCA, DePASQUALE, DERMODY, DeWEESE, DONATUCCI, D. EVANS, FABRIZIO, FRANKEL, FREEMAN, GALLOWAY, GERBER, GEORGE, GERGELY, GIBBONS, GOODMAN, HALUSKA, HANNA, HARHAI, HARKINS, JOHNSON, JOSEPHS, W. KELLER, KIRKLAND, KORTZ, KOTIK, KULA, LONGIETTI, MAHONEY, MALONEY, MANN, MARKOSEK, MATZIE, McGEEHAN, MILLARD, MIRABITO, MUNDY, MURPHY, NEUMAN, M. O'BRIEN, PARKER, PASHINSKI, PAYTON, PETRARCA, PRESTON, RAVENSTAHL, READSHAW, REICHLEY, SABATINA, SAINATO, SAMUELSON, SANTARSIERO, SANTONI, SHAPIRO, SIMMONS, K. SMITH, M. SMITH, STABACK, STEPHENS, STERN, STURLA, SWANGER, WILLIAMS, YOUNGBLOOD, CUTLER, THOMAS, WATERS, WHEATLEY, WHITE, CAUSER, SACCONI, VULAKOVICH, MICCARELLI, MULLERY, O'NEILL, STEVENSON, HESS, V. BROWN AND FARRY, DECEMBER 7, 2011

REFERRED TO COMMITTEE ON FINANCE, DECEMBER 7, 2011

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 Vets First Tax Credit Program  
 11 to honor veterans for their service to our country and  
 12 provide incentives for their employment.

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

1 Section 1. Article XVIII-C of the act of March 4, 1971  
2 (P.L.6, No.2), known as the Tax Reform Code of 1971, added July  
3 9, 2008 (P.L.922, No.66), is amended to read:

4 ARTICLE XVIII-C

5 [(RESERVED)]

6 THE VETS FIRST TAX CREDIT PROGRAM

7 Section 1801-C. Definitions.

8 The following words and phrases when used in this article  
9 shall have the meanings given to them in this section unless the  
10 context clearly indicates otherwise:

11 "Department." The Department of Community and Economic  
12 Development of the Commonwealth.

13 "Eligible job." A full-time job in this Commonwealth, the  
14 annual wage, excluding benefits, for which is at least equal to  
15 the average annual wage in the county where the job is located  
16 as posted on the Department of Labor and Industry's publicly  
17 accessible Internet website. The term does not include a  
18 temporary or seasonal job.

19 "Qualified tax liability." The liability for taxes imposed  
20 under Article III, IV, VI, VII, VIII, IX or XV. The term shall  
21 not include liability for any tax withheld or required to be  
22 withheld by a taxpayer from an employee under Article III.

23 "Small business." A for-profit corporation, limited  
24 liability company, partnership or proprietorship operating in  
25 this Commonwealth with fewer than 100 employees at the time the  
26 taxpayer applies for a Vets First tax credit under this article.

27 "Start date." The effective date of this section.

28 "Taxpayer." An individual or small business subject to a tax  
29 imposed under Article III, IV, VI, VII, VIII, IX or XV. The term  
30 shall not include a small business that does not file combined

1 income tax returns with the Department of Revenue with its in-  
2 State or out-of-State subsidiaries and other affiliates.

3 "Veteran." An individual who meets all of the following:

4 (1) Served in the active United States military,  
5 including service in a reserve component or National Guard.

6 (2) Was released or discharged from active military  
7 service under conditions other than dishonorable, after  
8 September 30, 2001.

9 (3) Has not worked in an eligible job for at least six  
10 months prior to being hired by a taxpayer.

11 "Vets First tax credits." Tax credits for hiring veterans  
12 authorized under this article.

13 "Year one." A one-year period immediately following the  
14 start date.

15 "Year two." A one-year period immediately following the end  
16 of year one.

17 "Year three." A one-year period immediately following the  
18 end of year two.

19 "Year four." A one-year period immediately following the end  
20 of year three.

21 Section 1802-C. Vets First tax credits.

22 (a) Criteria.--A taxpayer that employs a veteran in an  
23 eligible job shall be entitled to a Vets First tax credit  
24 against the taxpayer's qualified tax liability as provided in  
25 this article. In order to be eligible for a tax credit, the  
26 taxpayer shall certify and agree to the following:

27 (1) The veteran was hired for a new position in the  
28 taxpayer's small business or was hired to fill the position  
29 of another employee who voluntarily separated from employment  
30 with the taxpayer.

1           (2) The taxpayer shall continue the operation of its  
2           small business for at least five years following the taxable  
3           year for which the taxpayer first claims a Vets First tax  
4           credit awarded under this article.

5           (b) Amount.--The tax credit shall be equal to \$4,000 for  
6           each veteran hired from and after the start date and shall be  
7           available annually through the end of year three so long as the  
8           veteran has been continuously employed in the eligible job from  
9           the date hired until the end of year three. The tax credit shall  
10           be available through the end of year four for each veteran who  
11           has been continuously employed in the eligible job from the date  
12           hired until the end of year four who resides in this  
13           Commonwealth and has resided in this Commonwealth since the date  
14           the veteran was released or discharged from active military  
15           service under conditions other than dishonorable.

16           (c) Eligibility for other tax credits.--A taxpayer that  
17           claims tax credits under any other Federal or State law shall be  
18           eligible for a Vets First tax credit so long as the taxpayer  
19           also meets the applicable requirements of this article.

20           Section 1803-C. Application and award.

21           (a) Annual application required.--A taxpayer wishing to  
22           claim a Vets First tax credit shall apply to the department on a  
23           form required by the department. An application shall be  
24           submitted for each tax year that the taxpayer desires to claim  
25           the tax credit and shall contain such information as the  
26           department deems necessary for the department to determine that  
27           the taxpayer is entitled to the tax credit or credits for which  
28           the taxpayer is applying. The department shall review and  
29           approve or disapprove applications in the order in which they  
30           are received.

1 (b) Award.--Upon determining that the taxpayer is entitled  
2 to one or more Vets First tax credits, the department shall  
3 award the credits and issue a Vets First tax credit certificate  
4 to the taxpayer.

5 Section 1804-C. Limitations.

6 (a) Use by taxpayer.--A taxpayer may not carry over, carry  
7 back, assign or obtain a refund of any portion of a Vets First  
8 tax credit.

9 (b) Aggregate amount of awards.--No more than \$50,000,000 in  
10 Vets First tax credits shall be awarded in any fiscal year.

11 (c) Length of program.--A taxpayer is not entitled to a Vets  
12 First tax credit in taxable years ending December 31 of the year  
13 in which the end of year four occurs and beyond.

14 Section 1805-C. Repayment and penalty.

15 (a) Repayment.--A taxpayer who has claimed one or more Vets  
16 First tax credits and fails to meet any of the criteria required  
17 under section 1802-C, or a taxpayer who has received a Vets  
18 First tax credit in error shall repay to the Commonwealth the  
19 amount of all tax credits claimed.

20 (b) Penalty.--If it is determined that the failure or error  
21 referred to in subsection (a) occurred as a result of fraud  
22 perpetrated by the taxpayer, the taxpayer, in addition to being  
23 required to repay the amount of all tax credits claimed, shall  
24 be subject to such other appropriate penalties and remedies as  
25 may be provided in this act or in other applicable law.

26 Section 1806-C. Report.

27 The department shall submit an annual report to the Governor,  
28 the Majority Leader of the Senate, the Minority Leader of the  
29 Senate, the Majority Leader of the House of Representatives and  
30 the Minority Leader of the House of Representatives on March 1

1 of each year following the effective date of this section. The  
2 report shall include the following information:

3 (1) A description of the Vets First tax credit  
4 certificates issued by the department during the preceding  
5 period, including the amount of the credits awarded to each  
6 taxpayer and the taxpayer's name and address.

7 (2) The number of veterans who were hired by each  
8 taxpayer to whom a Vets First tax credit certificate has been  
9 issued and who are residents of the Commonwealth.

10 Section 1807-C. Notice to public.

11 The department shall, not later than 60 days following the  
12 effective date of this section, publish notice of the following  
13 on its publicly accessible Internet website:

14 (1) Availability of the Vets First tax credits.

15 (2) Guidelines for the awarding of Vets First tax  
16 credits.

17 (3) A downloadable copy of the application form.

18 Section 2. This act shall take effect in 30 days.