
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2182 Session of
2012

INTRODUCED BY D. EVANS, TAYLOR, BRENNAN, BROWNLEE, COHEN, DALEY,
DAVIS, FRANKEL, HARKINS, JOSEPHS, MAHONEY, MATZIE, MIRABITO,
MURPHY, MYERS, M. O'BRIEN, PRESTON, READSHAW, SABATINA,
SANTARSIERO, SANTONI, STABACK, WATERS, WHEATLEY, YOUNGBLOOD
AND GOODMAN, FEBRUARY 22, 2012

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 22, 2012

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 hotel and resort property
11 construction and renovation tax 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 HOTEL AND RESORT PROPERTY CONSTRUCTION

19 AND RENOVATION TAX CREDIT

20 Section 1801-E. 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 "Construction or renovation cost." Any costs incurred for
4 construction, remodeling or modification to a qualified hotel
5 facility, including the costs of labor, materials and supplies.
6 The term does not include the costs for plans, designs and
7 permits.

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

9 "Qualified hotel facility." Any of the following:

10 (1) A hotel.

11 (2) A timeshare facility or project.

12 (3) A commercial building or facility located within a
13 qualified resort area.

14 "Qualified resort area." An area designated for hotel use,
15 resort use or transient vacation rentals by the governing body
16 of a county.

17 "Tax credit." The Hotel and Resort Property Construction and
18 Renovation Tax Credit established under this article.

19 Section 1802-E. Tax credit.

20 (a) Eligibility.--A taxpayer shall be eligible for a tax
21 credit for construction or renovation of a qualified hotel
22 facility within this Commonwealth. The amount of the annual
23 credit shall be 10% of the construction or renovation costs
24 incurred on each qualified hotel facility.

25 (b) Costs.--To qualify for the tax credit provided in
26 subsection (a), a taxpayer shall demonstrate that the aggregate
27 construction or renovation costs for a qualified hotel facility
28 are:

29 (1) a minimum of \$10,000,000; and

30 (2) a maximum of \$100,000,000.

1 (c) Amount of credit and carryover.--The amount of the
2 credit shall not exceed the total tax liability of the taxpayer
3 for the applicable taxes under subsection (d) for the taxable
4 year in which the construction or renovation cost was incurred.
5 If the amount of credit allowed exceeds the taxpayer's tax
6 liability for the taxable year, the amount that exceeds the tax
7 liability may be carried over for credit against the income
8 taxes of the taxpayer in the next three taxable years or until
9 the total amount of the tax credit has been taken, whichever is
10 sooner.

11 (d) Applicable taxes.--A taxpayer may apply the tax credit
12 to 100% of the taxpayer's State corporate net income tax,
13 capital stock and franchise tax or the capital stock and
14 franchise tax of a shareholder of the taxpayer if the taxpayer
15 is a Pennsylvania S corporation, gross premiums tax, gross
16 receipts tax, bank and trust company shares tax, mutual thrift
17 institution tax, title insurance company shares tax, personal
18 income tax or the personal income tax of shareholders of a
19 Pennsylvania S corporation or any combination thereof.

20 Section 1803-E. Adjustments.

21 A taxpayer claiming a tax credit under this article shall:

22 (1) for depreciation or accelerated cost recovery system
23 purposes, reduce the basis of eligible property by the amount
24 of credit allowable and claimed; or

25 (2) treat the tax credit as taxable income for the
26 taxable year in which it is recognized under the applicable
27 method of accounting.

28 Section 1804-E. Limitations.

29 (a) Federal tax credit.--A taxpayer shall not be allowed a
30 tax credit under this article for a construction or renovation

1 cost for which the taxpayer is allowed a Federal tax credit.

2 (b) Deduction.--A taxpayer shall not be allowed a tax credit
3 under this article for a construction or renovation cost for
4 which a deduction is taken under section 179 of the Internal
5 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 179).

6 (c) Financing.--If a renovation or construction cost is
7 financed in whole or in part by a Federal or State Government
8 grant or loan, or by clean energy financing, a taxpayer shall
9 not be allowed a tax credit under this article for that
10 construction or renovation cost.

11 Section 1805-E. Total annual limit.

12 There shall be a total annual cap on tax credits granted
13 under this article of \$50,000,000.

14 Section 1806-E. Regulations.

15 The department shall promulgate regulations with regard to
16 application for and enforcement of this article.

17 Section 1807-E. Applicability.

18 This article shall apply to taxable years beginning on or
19 after January 1, 2012, and ending before January 1, 2015.

20 Section 2. This act shall take effect immediately.