
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 339 Session of
2011

INTRODUCED BY PILEGGI, ERICKSON, YAW, FOLMER, RAFFERTY, PIPPY,
ALLOWAY, M. WHITE, BRUBAKER, WILLIAMS, WASHINGTON, DINNIMAN,
ARGALL, KITCHEN, COSTA, MENSCH, SOLOBAY, VOGEL, BROWNE,
BAKER, STACK, YUDICHAK, WOZNIAK AND FARNESE, JANUARY 31, 2011

REFERRED TO FINANCE, JANUARY 31, 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," establishing a life sciences 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 LIFE SCIENCES 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 "Contribution." A donation of cash, personal property or
3 services, the value of which is the net cost of the donation to
4 the donor or the pro rata hourly wage, including benefits, of
5 the individual performing the services.

6 "Department." The Department of Community and Economic
7 Development of the Commonwealth.

8 "Independent institution of higher education." An accredited
9 nonprofit private or independent college or university located
10 in this Commonwealth.

11 "Life sciences." The study of biology, biochemistry,
12 biophysics, bioengineering, microbiology, genetics or
13 physiology. The term does not include the study of sociology or
14 psychology.

15 "Life sciences entity." An entity, including a pass-through
16 entity, which has all of the following:

17 (1) Its principal place of business in this
18 Commonwealth.

19 (2) Its primary business purpose is the application of
20 the life sciences.

21 (3) Is subject to taxes imposed under Article III, IV,
22 VI, VII, former VII-A, VIII, IX or XV.

23 "Life sciences internship." A term of employment in the
24 Commonwealth of a life sciences student at any of the following
25 as an intern or fellow in conjunction with the student's course
26 of study:

27 (1) A public institution of higher education.

28 (2) A State-related institution.

29 (3) An independent institution of higher education.

30 "Life sciences student." A resident of this Commonwealth who

1 is enrolled in an undergraduate, master's degree, doctorate or
2 postdoctorate program in the life sciences at a public
3 institution of higher education, State-related institution or an
4 independent institution of higher learning.

5 "Pass-through entity." A partnership as defined in section
6 301(n.0), a single-member limited liability company treated as a
7 disregarded entity for Federal income tax purposes or a
8 Pennsylvania S corporation as defined in section 301(n.1).

9 "Public institution of higher education." A community
10 college or an institution which is part of the State System of
11 Higher Education under Article XIX-A or XX-A of the act of March
12 10, 1949 (P.L.30, No.14), known as the Public School Code of
13 1949.

14 "State-related institution." The Pennsylvania State
15 University, the University of Pittsburgh, Temple University,
16 Lincoln University and their branch campuses.
17 Section 1802-E. Establishment.

18 A life sciences education tax credit program is established
19 to encourage the creation of internships and fellowships by life
20 sciences entities for life sciences students.
21 Section 1803-E. Procedure.

22 (a) Application.--A life sciences entity shall apply to the
23 department for a tax credit under subsection (b). The
24 application shall be in the form and contain the information
25 prescribed by the department.

26 (b) Amount.--Subject to the limitations in section 1804-E, a
27 life sciences entity shall receive a tax credit equal to 50% of
28 the funds contributed by a life sciences entity to a public
29 institution of higher education, independent institution of
30 higher education or State-related institution for the specific

1 purpose of funding salaries of life sciences students employed
2 at the institution in a life sciences internship.

3 (c) Pass-through entity.--

4 (1) If a pass-through entity does not intend to use all
5 approved tax credits under this section, it may elect in
6 writing to transfer all or a portion of the credit to
7 shareholders, members or partners in proportion to the share
8 of the entity's distributive income to which the shareholder,
9 member or partner is entitled for use in the taxable year in
10 which the contribution is made or in the taxable year
11 immediately following the year in which the contribution is
12 made. The election shall designate the year in which the
13 transferred credits are to be used and shall be made
14 according to procedures established by the Department of
15 Revenue.

16 (2) A pass-through entity and a shareholder, member or
17 partner of a pass-through entity shall not claim the credit
18 under this section for the same contribution.

19 (3) The shareholder, member or partner may not carry
20 forward, carry back, obtain a refund of or sell or assign the
21 credit.

22 Section 1804-E. Limitations.

23 (a) Period.--A life sciences entity shall not qualify for a
24 tax credit under this article for employment of a life sciences
25 student in a life sciences internship for a period in excess of
26 an aggregate of nine months for all tax years.

27 (b) Course requirement.--A life sciences entity shall not
28 qualify for a tax credit under this article unless the life
29 sciences internship in which the student is employed is a
30 requirement the student has not yet completed and must satisfy

1 in order to complete his course of study.

2 (c) Application of tax credit.--A tax credit granted under
3 this article shall be nontransferable, nonrefundable and may not
4 be carried forward or back to any other tax year.

5 (d) Amount.--Any credit granted under this article may not
6 exceed 25% of the tax liability of the life sciences entity.

7 (e) Other credit.--No tax credit shall be granted under this
8 article if the contributions of the life sciences entity under
9 section 1803-E(b) qualify for any other Federal or State tax
10 credit and the life sciences entity receives a Federal or State
11 tax credit for those contributions.

12 (f) Activity.--No tax credit shall be granted under this
13 article for activities that are part of a life science entity's
14 normal course of business.

15 Section 1805-E. Availability.

16 Tax credits under this article shall be made available by the
17 department on a first-come-first-served basis.

18 Section 1806-E. Applicable taxes.

19 The department may grant a tax credit to a life sciences
20 entity for any tax due under Article III, IV, VI, VII, former
21 VII-A, VIII, IX or XV. No credits granted under this article
22 shall be applied against any tax withheld by an employer from an
23 employee under Article III.

24 Section 1807-E. Applications.

25 The department may accept applications for tax credits
26 available during a fiscal year no earlier than July 1 of each
27 fiscal year.

28 Section 1808-E. Aggregate amount.

29 The total aggregate amount of all tax credits approved by the
30 department shall not exceed \$5,000,000 in a fiscal year.

1 Section 1809-E. Guidelines.

2 The department, in consultation with the Department of
3 Education, shall develop guidelines for the approval of
4 applications under this article.

5 Section 2. This act shall take effect in 120 days.