
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1348 Session of
2011

INTRODUCED BY BOSCOLA, TARTAGLIONE, KITCHEN, WASHINGTON,
SCHWANK, COSTA, FONTANA, FERLO, RAFFERTY, WILLIAMS AND
SOLOBAY, NOVEMBER 28, 2011

REFERRED TO FINANCE, NOVEMBER 28, 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 a school-to-work tax credit.

11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
14 the Tax Reform Code of 1971, is amended by adding an article to
15 read:

16 ARTICLE XVII-G

17 SCHOOL-TO-WORK TAX CREDIT

18 Section 1701-G. Scope of article.

19 This article relates to school-to-work tax credits.

20 Section 1702-G. 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 "Pass-through entity." Any of the following:

5 (1) A partnership, limited partnership, limited
6 liability company, business trust or other unincorporated
7 entity that for Federal income tax purposes is taxable as a
8 partnership.

9 (2) A Pennsylvania S corporation.

10 "Qualified intern." An individual who is:

11 (1) enrolled and in good standing at a four-year
12 institution of higher education, a community college or an
13 accredited postsecondary business, technical, trade or
14 vocational school located in this Commonwealth;

15 (2) employed and supervised in this Commonwealth in a
16 position that provides training and experience to the
17 individual in the chosen field of study; and

18 (3) paid a wage of no less than \$8 per hour by the
19 taxpayer during a term of employment that lasts at least 12
20 weeks and includes a minimum of 14 hours of service per week.

21 "Qualified tax liability." The liability for taxes imposed
22 under Article III, IV or VI. The term shall include the
23 liability for taxes imposed under Article III on an owner of a
24 pass-through entity.

25 "Secretary." The Secretary of Revenue of the Commonwealth.

26 "Small business." An employer who employs 50 or fewer
27 individuals.

28 "Tax credit." The school-to-work tax credit authorized under
29 this article.

30 "Taxpayer." A business subject to tax under Article III, IV

1 or VI. The term shall include the shareholder, owner or member
2 of a pass-through entity that receives a tax credit.

3 Section 1703-G. Employer credit for employing qualified
4 interns.

5 (a) Application.--A taxpayer who employs a qualified intern
6 in a taxable year may apply for a tax credit as provided under
7 this article. By September 15 of each year, a taxpayer must
8 submit an application for the tax credit to the department,
9 which shall include the following certifications by the
10 taxpayer:

11 (1) the qualified intern was employed and supervised in
12 this Commonwealth in a position that provides training and
13 experience to the individual in the chosen field of study;

14 (2) the qualified intern was paid a wage of no less than
15 \$8 per hour for a term of employment that lasts at least 12
16 weeks and includes a minimum of 14 hours of service per week;

17 (3) the total hours and weeks worked by the qualified
18 intern for the taxable year; and

19 (4) the total compensation paid to the qualified intern
20 for the taxable year.

21 (b) Amount.--A taxpayer that is qualified under subsection
22 (a) shall receive a tax credit for the taxable year in the
23 amount of 50% of the value of the salaries, wages or other
24 remuneration for services paid to a qualified intern, or \$1,000,
25 whichever is less.

26 (c) Notification.--By December 15 of the calendar year
27 following the close of the taxable year during which the
28 qualified intern was employed, the department shall notify the
29 taxpayer of the amount of the taxpayer's tax credit approved by
30 the department.

1 Section 1704-G. Carryover, carryback, refund and assignment of
2 credit.

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

15 (b) Application.--A school-to-work tax credit approved by
16 the department for employing qualified interns in a taxable year
17 first shall be applied against the taxpayer's qualified tax
18 liability for the current taxable year as of the date on which
19 the credit was approved before the tax credit is applied against
20 any tax liability under subsection (a).

21 (c) Unused credit.--A taxpayer shall not be entitled to
22 assign, carry back or obtain a refund of an unused tax credit.

23 Section 1705-G. Limitation on credits.

24 (a) Total amount.--The total amount of school-to-work tax
25 credits approved by the department shall not exceed \$10,000,000
26 in any fiscal year, except that the sum of \$2,500,000 shall be
27 used exclusively for school-to-work tax credits for small
28 business.

29 (b) Proration among applicants.--If the total amount of tax
30 credits applied for by all taxpayers exceeds the amount

1 allocated for those credits, the tax credit to be received by
2 each applicant shall be prorated by the department among all
3 applicants who have qualified for the credit.

4 Section 1707-G. Shareholder, owner or member pass-through.

5 (a) Shareholder credit.--If a Pennsylvania S corporation
6 does not have an eligible tax liability against which the tax
7 credit may be applied, a shareholder of the Pennsylvania S
8 corporation is entitled to a tax credit equal to the tax credit
9 determined for the Pennsylvania S corporation for the taxable
10 year multiplied by the percentage of the Pennsylvania S
11 corporation's distributive income to which the shareholder is
12 entitled.

13 (b) Pass-through entity credit.--If a pass-through entity
14 other than a Pennsylvania S corporation does not have an
15 eligible tax liability against which the tax credit may be
16 applied, an owner or member of the pass-through entity is
17 entitled to a tax credit equal to the tax credit determined for
18 the pass-through entity for the taxable year multiplied by the
19 percentage of the pass-through entities' distributive income to
20 which the owner or member is entitled.

21 (c) Credit cumulation.--The credit provided under subsection
22 (a) or (b) shall be in addition to any tax credit to which a
23 shareholder, owner or member of a pass-through entity is
24 otherwise entitled under this article, except that a pass-
25 through entity and a shareholder, owner or member of a pass-
26 through entity may not claim a credit under this article for the
27 same expense.

28 Section 1708-G. Report to General Assembly.

29 The secretary shall submit an annual report to the General
30 Assembly indicating the effectiveness of the credit provided

1 under this article no later than March 15 following the year in
2 which the credits were approved. The report shall include the
3 names of all taxpayers utilizing the credit as of the date of
4 the report and the amount of credits approved and utilized by
5 each taxpayer. Notwithstanding any law providing for the
6 confidentiality of tax records, the information contained in the
7 report shall be public information. The report may include any
8 recommendations for changes in the calculation or administration
9 of the credit.

10 Section 1709-G. Regulations.

11 The secretary shall promulgate regulations necessary for the
12 implementation and administration of this article.

13 Section 2. The addition of Article XVII-G of the act shall
14 apply to taxable years beginning after December 31, 2011.

15 Section 3. This act shall take effect in 60 days.