

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL**No. 1460** Session of
2012

INTRODUCED BY BRUBAKER, ERICKSON, ALLOWAY, GREENLEAF, HUGHES,
YUDICHAK, SOLOBAY, WAUGH, COSTA, FERLO, KASUNIC, BROWNE,
TARTAGLIONE, LEACH, MENSCH, FARNESE, BOSCOLA, BLAKE AND
DINNIMAN, MARCH 23, 2012

SENATOR BRUBAKER, FINANCE, AS AMENDED, MAY 9, 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 industry partnership tax credits.

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 INDUSTRY PARTNERSHIP TAX CREDIT

18 Section 1701-G. Scope of article.

19 This article relates to industry partnership 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 Labor and Industry of the
4 Commonwealth.

5 "Industry partnership tax credit." The credit provided under
6 this article.

7 "Pass-through entity." A partnership as defined in section
8 301(n.0) or a Pennsylvania S corporation as defined in section
9 301(n.1).

10 "Qualified tax liability." The liability for taxes imposed
11 under Article III, IV or VI. The term shall not include any tax
12 withheld by an employer from an employee under Article III.

13 "Taxpayer." ~~An entity~~ A PERSON subject to tax under Article ←
14 III, IV or VI. The term shall include the shareholder of a
15 Pennsylvania S corporation that receives an industry partnership
16 tax credit.

17 Section 1703-G. INDUSTRY partnership tax credit for cash
18 contributions to industry partnerships.

19 (a) Claim.--A taxpayer may claim an industry partnership tax
20 credit against any qualified tax liability in an amount equal to
21 75% of any cash contribution to an industry partnership.

22 (b) Application.--By September 15, a taxpayer must submit an
23 application to the department for an industry partnership tax
24 credit incurred in the taxable year that ended in the prior
25 calendar year.

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

1 (d) Claim prohibited.--A taxpayer may not claim an industry
2 partnership tax credit for any portion of a cash contribution
3 provided to satisfy the private sector matching funding
4 requirement for State grant funding under section 1304 of the ←
5 act of December 18, 2001 (P.L.949, No.114), known as the
6 Workforce Development Act.

7 Section 1704-G. Carryover, carryback, refund and assignment AND ←
8 REFUND.

9 (a) General rule.--If the taxpayer cannot use the entire
10 amount of the industry partnership tax credit for the taxable
11 year in which the industry partnership tax credit is first
12 approved, the excess may be carried over to succeeding taxable
13 years and used as a credit against the qualified tax liability
14 of the taxpayer for those taxable years. Each time that the
15 industry partnership tax credit is carried over to a succeeding
16 taxable year, it shall be reduced by the amount that was used as
17 a credit during the immediately preceding taxable year. The
18 industry partnership tax credit may be carried over and applied
19 to succeeding taxable years for no more than 15 FIVE taxable ←
20 years following the first taxable year for which the taxpayer
21 was entitled to claim the industry partnership tax credit.

22 (b) Application.--An industry partnership tax credit
23 approved by the department in a taxable year first shall be
24 applied against the taxpayer's qualified tax liability for the
25 current taxable year as of the date on which the industry
26 partnership tax credit was approved before the industry
27 partnership tax credit is applied against any tax liability
28 under subsection (a).

29 (c) Prohibition.--A taxpayer shall not be entitled to carry
30 back or obtain a refund of an unused industry partnership tax

1 credit.

2 Section 1705-G. Guidelines for industry partnership tax
3 credits.

4 The department, in consultation with the Department of
5 Revenue, shall prescribe guidelines for determining whether
6 contributions qualify for industry partnership tax credits. The
7 department may deem contributions that fund any activity of an
8 industry partnership authorized under section 1303(b) of the act
9 of December 18, 2001 (P.L.949, No.114), known as the Workforce
10 Development Act, as qualifying for an industry partnership tax
11 credit.

12 Section 1706-G. Time limitations.

13 A taxpayer shall not be entitled to an industry partnership
14 tax credit for contribution made in taxable years ending after
15 December 31, 2016.

16 Section 1707-G. Limitations.

17 (a) Total.--The total amount of industry partnership tax
18 credits approved by the department may not exceed \$7,500,000 in
19 any taxable year.

20 (b) Individual taxpayer.--No taxpayer may receive more than
21 \$37,500 in industry partnership tax credits for any taxable
22 year.

23 (c) Industry partnership.--The total amount of industry
24 partnership tax credits resulting from contributions to certain
25 industry partnerships shall be limited to \$375,000 per industry
26 partnership in any taxable year.

27 (d) Allocation.--If the total amount of industry partnership
28 tax credits applied for by all taxpayers exceeds the amount
29 allocated for those credits, the industry partnership tax credit
30 to be received by each applicant shall be the product of the

1 allocated amount multiplied by the quotient of the industry
2 partnership tax credit applied for by the applicant divided by
3 the total of all industry partnership tax credits applied for by
4 all applicants, the algebraic equivalent of which is:

5 taxpayer's industry partnership tax credit=amount allocated
6 for those credits X (industry partnership tax credit applied
7 for by the applicant/total of all industry partnership tax
8 credits applied for by all applicants).

9 Section 1708-G. Pass-through entity.

10 (a) Transfer.--If a pass-through entity has any unused
11 industry partnership tax credit under section 1704-G, the entity
12 may elect, in writing, according to the department's procedures,
13 to transfer all or a portion of the industry partnership tax
14 credit to shareholders, members or partners in proportion to the
15 share of the entity's distributive income to which the
16 shareholder, member or partner is entitled.

17 (b) Additional credit.--The industry partnership tax credit
18 provided under subsection (a) shall be in addition to any
19 industry partnership tax credit to which a shareholder, member
20 or partner of a pass-through entity is otherwise entitled under
21 this article.

22 (c) Claim.--A shareholder, member or partner of a pass-
23 through entity to whom an industry partnership tax credit is
24 transferred under subsection (a) must immediately claim the
25 industry partnership tax credit in the taxable year in which the
26 transfer is made. The shareholder, member or partner may not
27 carry forward, carry back, obtain a refund of or sell or assign
28 the industry partnership tax credit.

29 Section 1709-G. Report to General Assembly.

30 The Secretary of Labor and Industry shall submit an annual

1 report to the General Assembly indicating the effectiveness of
2 the industry partnership tax credit no later than March 15
3 following the year in which the industry partnership tax credits
4 were approved. The report shall include the names of all
5 taxpayers utilizing the industry partnership tax credit as of
6 the date of the report and the amount of industry partnership
7 tax credits approved and utilized by each taxpayer.

8 Notwithstanding any law providing for the confidentiality of tax
9 records, the information contained in the report shall be public
10 information. The report may also include any recommendations for
11 changes in the calculation or administration of the industry
12 partnership tax credit.

13 Section 1710-G. Termination.

14 The department shall not approve an industry partnership tax
15 credit under this article for taxable years ending after
16 December 31, 2016.

17 Section 2. This act shall take effect ~~immediately~~ JANUARY 1, ←
18 2013.