

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 159 Session of 2013

INTRODUCED BY BARBIN, MURT, READSHAW, AUMENT, BISHOP, BOBACK, B. BOYLE, K. BOYLE, R. BROWN, BROWNLEE, CALTAGIRONE, CARROLL, CAUSER, CONKLIN, D. COSTA, DAVIS, DEASY, DELUCA, DENLINGER, DONATUCCI, FARINA, FLECK, FRANKEL, HALUSKA, HARKINS, C. HARRIS, HESS, W. KELLER, KINSEY, KORTZ, LONGIETTI, MACKENZIE, MAHONEY, MCGEEHAN, MICOZZIE, MILLARD, O'BRIEN, RAVENSTAHL, REESE, SACCONI, SAMUELSON, SANTARSIERO, SIMMONS, SNYDER, STEPHENS, STERN, STURLA, SWANGER, TAYLOR, THOMAS, YOUNGBLOOD, GOODMAN, MATZIE AND GILLEN, JANUARY 17, 2013

REFERRED TO COMMITTEE ON FINANCE, JANUARY 17, 2013

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:

15 Section 1. Article XVIII-C of the act of March 4, 1971  
16 (P.L.6, No.2), known as the Tax Reform Code of 1971, added July  
17 9, 2008 (P.L.922, No.66), is amended to read:

ARTICLE XVIII-C

[ (RESERVED) ]

1                   THE VETS FIRST TAX CREDIT PROGRAM

2   Section 1801-C. Definitions.

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

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

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

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

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

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

23       "Taxpayer." An individual or small business subject to a tax  
24   imposed under Article III, IV, VI, VII, VIII, IX or XV. The term  
25   shall not include an individual or small business that is  
26   delinquent, at the time the credit is awarded, in the payment of  
27   any taxes or any other amounts to the Federal Government, the  
28   Commonwealth or any political subdivision.

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

30           (1) Served in the active United States military,

1 including service in a reserve component or National Guard.

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

5 (3) Has not worked for at least six months prior to  
6 being hired by a taxpayer in an eligible job or in a job in  
7 another state that is substantially similar to an eligible  
8 job.

9 "Vets First tax credits." Tax credits for hiring veterans  
10 authorized under this article.

11 "Year one." A one-year period immediately following the  
12 start date.

13 "Year two." A one-year period immediately following the end  
14 of year one.

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

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

19 Section 1802-C. Vets First tax credits.

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

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

29 (2) The taxpayer shall continue the operation of its  
30 small business for at least five years following the taxable

1 year for which the taxpayer first claims a Vets First tax  
2 credit awarded under this article.

3 (b) Amount.--

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

16 (2) The provisions of this subsection shall be subject  
17 to the limitations in section 1804-C.

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

22 Section 1803-C. Application and award.

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

approve or disapprove applications in the order in which they are received.

(b) Award.--Upon determining that the taxpayer qualifies for one or more Vets First tax credits, the department shall award the credits and issue a Vets First tax credit certificate to the taxpayer.

#### Section 1804-C. Limitations.

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

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

(c) Length of program.--A taxpayer shall not be eligible to apply for Vets First tax credits after the fourth taxable year following the effective date of this section.

#### Section 1805-C. Repayment and penalty.

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

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

#### Section 1806-C. Report.

The department shall submit an annual report to the Governor, the Majority Leader of the Senate, the Minority Leader of the

1 Senate, the Majority Leader of the House of Representatives and  
2 the Minority Leader of the House of Representatives on March 1  
3 of each year following the effective date of this section. The  
4 report shall include the following information:

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

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

12 Section 1807-C. Notice to public.

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

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

17       (2) Guidelines for the awarding of Vets First tax  
18 credits.

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

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