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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 231 Session of  
2013

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INTRODUCED BY WILLIAMS, TEPLITZ, ARGALL, KASUNIC, FARNESE,  
WASHINGTON, BREWSTER, FERLO, FONTANA, MENSCH, HUGHES,  
RAFFERTY, SOLOBAY, STACK, ERICKSON, TARTAGLIONE, COSTA AND  
BOSCOLA, FEBRUARY 20, 2013

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REFERRED TO FINANCE, FEBRUARY 20, 2013

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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 tax credit for new jobs for  
11 unemployed veterans.

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

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

17 ARTICLE XVIII-C

18 [(RESERVED)]

19 TAX CREDIT FOR NEW JOBS FOR UNEMPLOYED VETERANS

20 Section 1801-C. 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 Community and Economic  
4 Development of the Commonwealth.

5 "Disabled veteran." Any of the following:

6 (1) An unemployed veteran who is entitled to  
7 compensation or who, except for the receipt of military  
8 retired pay, would be entitled to compensation, under laws  
9 administered by the Secretary of Veterans Affairs.

10 (2) An unemployed person who was discharged or released  
11 from active duty because of a service-connected disability.

12 "Full-time employment." Employment in which an individual is  
13 employed by a recipient corporation for at least 35 hours per  
14 week.

15 "Long term." A period of at least six months.

16 "New job." A full-time job, the average hourly rate,  
17 excluding benefits, for which must be at least 150% of the  
18 Federal minimum wage, created within a municipality located in  
19 this Commonwealth by a company.

20 "Short term." A period of less than six months.

21 "Start date." January 1, 2014.

22 "Tax credit." A tax credit applied for or granted under this  
23 article.

24 "Unemployed person." An individual who has not held any type  
25 of full-time employment prior to being hired by a company  
26 seeking a tax credit under this article.

27 "Unemployed veteran." An individual that meets all of the  
28 following:

29 (1) Has performed active service in the armed forces of  
30 the United States, including the reserve components and the

1 National Guard, who was discharged from the active service  
2 under honorable conditions.

3 (2) Has not held any type of full-time employment prior  
4 to being hired by a company seeking a tax credit under this  
5 article.

6 Section 1802-C. Application.

7 (a) Application to department.--A company may submit an  
8 application for a tax credit under this article in a manner  
9 required by the department.

10 (b) Procedure.--The application shall be attached to the  
11 company's annual tax return required to be filed under this act.

12 Section 1803-C. Tax credits.

13 (a) Amount.--A company may claim the following tax credits  
14 per new job created:

15 (1) A \$1,200 tax credit for each short-term unemployed  
16 veteran hired.

17 (2) A \$2,400 tax credit for each long-term unemployed  
18 veteran hired.

19 (3) A \$2,400 tax credit for each disabled veteran hired.

20 (b) Maximum amount.--A company may combine tax credits under  
21 subsection (a) for each unemployed veteran hired but not to  
22 exceed \$4,800.

23 (c) Determination of new jobs created.--New jobs shall be  
24 deemed created to the extent that the company's average  
25 employment by quarter during the year in which an unemployed  
26 veteran is hired exceeds the company's average employment level  
27 by quarter during the previous year.

28 (d) Applicable taxes.--A company may apply the tax credit to  
29 100% of the company's State corporate net income tax, capital  
30 stock and franchise tax or the capital stock and franchise tax

1 of a shareholder of the company, if the company is a  
2 Pennsylvania S corporation, gross premiums tax, gross receipts  
3 tax, bank and trust company shares tax, mutual thrift  
4 institution tax, title insurance company shares tax, personal  
5 income tax or the personal income tax of shareholders of a  
6 Pennsylvania S corporation or any combination thereof.

7 (e) Availability of tax credits.--

8 (1) Each fiscal year, \$1,200,000 in tax credits shall be  
9 made available to the department and may be awarded by the  
10 department in accordance with this article.

11 (2) In addition to the tax credits under paragraph (1),  
12 in any fiscal year, the department may reissue or assign  
13 prior fiscal year tax credits which have been recaptured  
14 under section 1805-C(a) and may award prior fiscal year  
15 credits not previously issued.

16 Section 1804-C. Prohibitions.

17 The following actions with regard to job creation tax credits  
18 are prohibited:

19 (1) Approval of jobs that have been created prior to the  
20 start date.

21 (2) Approval for tax credits for a company which is  
22 relocating operations from one municipality in this  
23 Commonwealth to another unless special circumstances exist  
24 and the municipality that is losing the existing jobs has an  
25 opportunity to submit comments prior to action by the  
26 department. If the department approves the tax credits, the  
27 company must commit to preserving the existing employees, and  
28 the credit shall apply only to the new jobs.

29 (3) The assignment, transfer or use of credits by any  
30 other company, except that tax credits may be assigned in

1 whole or in part to an affiliated entity. As used in this  
2 paragraph, the term "affiliated entity" means an entity which  
3 is part of the same "affiliated group," as defined by section  
4 1504(a)(1) of the Internal Revenue Code of 1986 (Public Law  
5 99-514, 26 U.S.C. § 1504(a)(1)), as the company awarded the  
6 credit.

7 Section 1805-C. Penalties.

8 (a) Failure to maintain operations.--A company which  
9 receives tax credits and fails to substantially maintain  
10 existing operations and the operations related to the tax  
11 credits in this Commonwealth for a period of five years from the  
12 date the company first receives a tax credit shall be required  
13 to refund to the Commonwealth the total amount of credits  
14 granted.

15 (b) Waiver.--The department may waive the penalties outlined  
16 in subsection (a) if it is determined that a company's  
17 operations were not maintained or the new jobs were not created  
18 because of circumstances beyond the company's control. Such  
19 circumstances include natural disasters, unforeseen industry  
20 trends or a loss of a major supplier or market.

21 Section 2. This act shall take effect in 60 days.