

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1347 Session of
2014

INTRODUCED BY SMITH, STACK, WASHINGTON, WOZNIAK, TEPLITZ,
SCHWANK, BAKER, BREWSTER, RAFFERTY, ERICKSON, FONTANA, COSTA,
VULAKOVICH, YUDICHAK, WHITE, KASUNIC, SOLOBAY, TARTAGLIONE,
KITCHEN, HUGHES, BOSCOLA, FARNESE, HUTCHINSON AND WILEY,
APRIL 28, 2014

REFERRED TO FINANCE, APRIL 28, 2014

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," in neighborhood assistance tax credit, further
11 providing for definitions, for tax credit and for grant of
12 tax credit; and making editorial changes.

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

15 Section 1. The definition of "neighborhood organization" in
16 section 1902-A of the act of March 4, 1971 (P.L.6, No.2),
17 known as the Tax Reform Code of 1971, amended May 7, 1997
18 (P.L.85, No.7), is amended to read:

19 Section 1902-A. Definitions.--The following words, terms and
20 phrases, when used in this article, shall have the meanings
21 ascribed to them in this section, except where the context

1 clearly indicates a different meaning:

2 * * *

3 "Neighborhood organization." Any organization performing
4 community services, offering neighborhood assistance or
5 providing job training, veterans' housing assistance, education
6 or crime prevention in an impoverished area, holding a ruling
7 from the Internal Revenue Service of the United States
8 Department of the Treasury that the organization is exempt from
9 income taxation under the provisions of the Internal Revenue
10 Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.) and
11 approved by the Department of Community [Affairs] and Economic
12 Development.

13 * * *

14 Section 2. Section 1904-A of the act, amended or added July
15 25, 2007 (P.L.373, No.55) and July 2, 2012 (P.L.751, No.85), is
16 amended to read:

17 Section 1904-A. Tax Credit.--(a) Any business firm which
18 engages or contributes to a neighborhood organization which
19 engages in the activities of providing neighborhood assistance,
20 comprehensive service projects, veterans' housing assistance,
21 job training or education for individuals, community services or
22 crime prevention in an impoverished area or private company
23 which makes qualified investment to rehabilitate, expand or
24 improve buildings or land located within portions of
25 impoverished areas which have been designated as enterprise
26 zones shall receive a tax credit as provided in section 1905-A
27 if the secretary annually approves the proposal of such business
28 firm or private company. The proposal shall set forth the
29 program to be conducted, the impoverished area selected, the
30 estimated amount to be invested in the program and the plans for

1 implementing the program.

2 (b) The secretary is hereby authorized to promulgate rules
3 and regulations for the approval or disapproval of such
4 proposals by business firms or private companies. The secretary
5 shall provide a report listing of all applications received and
6 their disposition in each fiscal year to the General Assembly by
7 October 1 of the following fiscal year. The secretary's report
8 shall include all taxpayers utilizing the credit and the amount
9 of credits approved, sold or assigned. Notwithstanding any law
10 providing for the confidentiality of tax records, the
11 information in the report shall be public information, and all
12 report information shall be posted on the secretary's Internet
13 website.

14 (b.1) The secretary shall take into special consideration,
15 when approving applications for neighborhood assistance tax
16 credits, applications which involve:

17 (1) multiple projects in various markets throughout this
18 Commonwealth; and

19 (2) charitable food programs.

20 (b.2) The secretary, in cooperation with the Department of
21 Agriculture, shall promulgate guidelines for the approval or
22 disapproval of applications for tax credits by business firms
23 that contribute food or money to charitable food programs.

24 (b.3) The secretary, in cooperation with the Department of
25 Military and Veterans Affairs, shall promulgate guidelines for
26 the approval or disapproval for tax credits by business firms
27 that contribute to veterans' housing assistance.

28 (c) The total amount of tax credit granted for programs
29 approved under this act shall not exceed [eighteen million
30 dollars (\$18,000,000)] twenty-one million dollars (\$21,000,000)

1 of tax credit in any fiscal year.

2 (d) A taxpayer, upon application to and approval by the
3 Department of Community and Economic Development, may sell or
4 assign, in whole or in part, a neighborhood assistance tax
5 credit granted to the business firm under this article if no
6 claim for allowance of the credit is filed within one year from
7 the date the credit is granted by the Department of Revenue
8 under section 1905-A. The Department of Community and Economic
9 Development and the Department of Revenue shall jointly
10 promulgate guidelines for the approval of applications under
11 this subsection.

12 (e) The purchaser or assignee of a neighborhood assistance
13 tax credit under subsection (d) shall immediately claim the
14 credit in the taxable year in which the purchase or assignment
15 is made. The purchaser or assignee may not carry over, carry
16 back, obtain a refund of or sell or assign the neighborhood
17 assistance tax credit. The purchaser or assignee shall notify
18 the Department of Revenue of the seller or assignor of the
19 neighborhood assistance tax credit in compliance with procedures
20 specified by the Department of Revenue.

21 (f) The neighborhood assistance tax credit approved by the
22 Department of Community and Economic Development shall be
23 applied against the business firm's tax liability for the taxes
24 under section 1905-A for the current taxable year as of the date
25 on which the credit was approved before the neighborhood
26 assistance tax credit may be carried over, sold or assigned.

27 Section 3. Section 1905-A of the act, amended July 25, 2007
28 (P.L.373, No.55), is amended to read:

29 Section 1905-A. Grant of Tax Credit.--The Department of
30 Revenue shall grant a tax credit against any tax due under

1 Article III, IV, VI, VII, VIII, IX or XV of this act, or any tax
2 substituted in lieu thereof in an amount which shall not exceed
3 fifty-five per cent of the total amount contributed during the
4 taxable year by a business firm or twenty-five per cent of
5 qualified investments by a private company in programs approved
6 pursuant to section 1904-A of this act: Provided, That a tax
7 credit of up to seventy-five per cent of the total amount
8 contributed during the taxable year by a business firm or up to
9 thirty-five per cent of the amount of qualified investments by a
10 private company may be allowed for investment in programs where
11 activities fall within the scope of special program priorities
12 as defined with the approval of the Governor in regulations
13 promulgated by the secretary, and Provided further, That a tax
14 credit of up to seventy-five per cent of the total amount
15 contributed during the taxable year by a business firm in
16 comprehensive service projects with five-year commitments and up
17 to eighty per cent of the total amount contributed during the
18 taxable year by a business firm in comprehensive service
19 projects with six-year or longer commitments shall be
20 granted[.], and Provided further, That a tax credit of up to
21 ninety per cent of the total amount contributed during the
22 taxable year by a business firm in veterans' housing assistance
23 approved under section 1904-A(b.3) shall be granted. Such credit
24 shall not exceed five hundred thousand dollars (\$500,000)
25 annually for contributions or investments to fewer than four
26 projects or one million two hundred fifty thousand dollars
27 (\$1,250,000) annually for contributions or investments to four
28 or more projects. No tax credit shall be granted to any bank,
29 bank and trust company, insurance company, trust company,
30 national bank, savings association, mutual savings bank or

1 building and loan association for activities that are a part of
2 its normal course of business. Any tax credit not used in the
3 period the contribution or investment was made may be carried
4 over for the next five succeeding calendar or fiscal years until
5 the full credit has been allowed. A business firm shall not be
6 entitled to carry back or obtain a refund of an unused tax
7 credit. The total amount of all tax credits allowed pursuant to
8 this act shall not exceed eighteen million dollars [eighteen
9 million dollars (\$18,000,000)] twenty-one million dollars
10 (\$21,000,000) in any one fiscal year. Of that amount, two
11 million dollars (\$2,000,000) shall be allocated exclusively for
12 pass-through entities and three million dollars (\$3,000,000)
13 shall be allocated exclusively to business firms that contribute
14 to veterans' housing assistance approved under section 1904-
15 A(b.3). However, if the total amounts allocated to either the
16 group of applicants, exclusive of pass-through entities, or the
17 group of pass-through entity applicants is not approved in any
18 fiscal year, the unused portion shall become available for use
19 by the other group of qualifying taxpayers.

20 Section 4. This act shall take effect in 60 days.