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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 1413 Session of  
2014

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INTRODUCED BY BLAKE, WILEY, FERLO, ERICKSON, STACK, SMITH,  
COSTA, ALLOWAY, FONTANA, GREENLEAF, BOSCOLA, McILHINNEY,  
WHITE, FARNESE, SOLOBAY, RAFFERTY AND HUTCHINSON,  
JUNE 12, 2014

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REFERRED TO FINANCE, JUNE 12, 2014

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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 nonprofit animal shelter tax  
11 credit.

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

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

17 ARTICLE XVII-J

18 NONPROFIT ANIMAL SHELTER TAX CREDIT

19 Section 1701-J. Scope of article.

20 This article relates to nonprofit animal shelter tax credits.

21 Section 1702-J. Definitions.

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

4 "Business firm." An entity authorized to do business in this  
5 Commonwealth and subject to taxes imposed under Article III, IV,  
6 VI, VII, VIII, IX or XV. The term includes a pass-through  
7 entity.

8 "Contribution." A donation of cash, personal property or  
9 services, the value of which is the net cost of the donation to  
10 the donor or the pro rata hourly wage, including benefits, of  
11 the individual performing the services.

12 "Department." The Department of Revenue of the Commonwealth.

13 "Nonprofit animal shelter." An establishment that is  
14 operated by a municipality or entity exempt from Federal  
15 taxation under section 501(c)(3) of the Internal Revenue Code of  
16 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.), provides  
17 temporary homes to animals that are offered for adoption and  
18 operates in this Commonwealth.

19 "Pass-through entity." A partnership as defined in section  
20 301(n.0) or a Pennsylvania S corporation as defined in section  
21 301(n.1).

22 "Qualified tax liability." The liability for taxes imposed  
23 under Article III, IV, VI, VII or IX. The term shall not include  
24 any tax withheld by an employer from an employee under Article  
25 III.

26 "Tax credit." The nonprofit animal shelter tax credit  
27 provided under this article.

28 Section 1703-J. Nonprofit animal shelter tax credits.

29 A business firm may claim a tax credit against the qualified  
30 tax liability of the business firm for contributions to a

1 nonprofit animal shelter.

2 Section 1704-J. Credit for nonprofit animal shelter  
3 contributions.

4 (a) Application.--A business firm may apply to the  
5 department for a tax credit under this article. The application  
6 shall be on the form required by the department.

7 (b) Review and approval.--Each application received must be  
8 reviewed and evaluated by the department.

9 (c) Information.--In order to qualify for a tax credit, a  
10 business firm must submit information to the department that  
11 enables the department to confirm that the contribution is to a  
12 nonprofit animal shelter.

13 Section 1705-J. Carryover, carryback and assignment of credit.

14 (a) General rule.--If a business firm cannot use the entire  
15 amount of the tax credit for the taxable year in which the tax  
16 credit is first approved, the excess may be carried over to  
17 succeeding taxable years and used as a credit against the  
18 qualified tax liability of the business firm for those taxable  
19 years. Each time the tax credit is carried over to a succeeding  
20 taxable year, the tax credit shall be reduced by the amount that  
21 was used as a credit during the immediately preceding taxable  
22 year. A tax credit may be carried over and applied to succeeding  
23 taxable years for no more than three taxable years following the  
24 first taxable year for which the taxpayer was entitled to claim  
25 the credit.

26 (b) Application.--A tax credit approved by the department in  
27 a taxable year first shall be applied against the taxpayer's  
28 qualified tax liability for the current taxable year as of the  
29 date on which the credit was approved before the tax credit can  
30 be applied against any tax liability under subsection (a).

1 (c) Carryback or refund prohibited.--A business firm shall  
2 not be entitled to carry back or obtain a refund of all or any  
3 portion of an unused tax credit granted to the business firm.

4 Section 1706-J. Limitations and availability.

5 (a) Aggregate amount.--The aggregate amount of tax credits  
6 awarded in a fiscal year may not exceed \$2,000,000.

7 (b) Total.--A tax credit may not exceed \$100,000 for each  
8 business firm.

9 (c) Normal course of business.--A tax credit may not be  
10 approved for activities that are part of a business firm's  
11 normal course of business.

12 (d) Availability.--A tax credit shall be made available by  
13 the department on a first-come, first-served basis within the  
14 limitations established under this article and by the  
15 department.

16 Section 1707-J. Penalty.

17 A business firm which claims a tax credit that does not equal  
18 the business firm's contribution to a nonprofit animal shelter  
19 in Pennsylvania in a taxable year shall repay to the  
20 Commonwealth the amount of the tax credit claimed under this  
21 article.

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