
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1382 Session of
2015

INTRODUCED BY YUDICHAK, ARGALL, COSTA, GREENLEAF AND VULAKOVICH,
OCTOBER 12, 2016

REFERRED TO FINANCE, OCTOBER 12, 2016

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 livable home tax credit.

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 XVIII-H

17 LIVABLE HOME TAX CREDIT

18 Section 1801-H. Scope of article.

19 This article relates to livable home tax credit.

20 Section 1802-H. Definitions.

21 The following words and phrases when used in this article

22 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Credit." The livable home tax credit provided for under
3 this article.

4 "Department." The Department of Community and Economic
5 Development of the Commonwealth.

6 "Purchase of a new residence." A transaction involving the
7 first sale of a residence or dwelling.

8 "Secretary." The Secretary of Community and Economic
9 Development of the Commonwealth.

10 "Taxpayer." An individual subject to payment of taxes under
11 Article III.

12 Section 1803-H. Tax credit for taxable years beginning on or
13 after January 1, 2017.

14 (a) General rule.--For taxable years beginning on or after
15 January 1, 2017, a taxpayer who purchases a new residence or
16 renovates an existing residence shall be allowed a credit
17 against the tax imposed under section 302 if the new residence
18 or the renovation of the existing residence is designed to
19 improve accessibility, provide universal visitability and meets
20 the eligibility requirements established by guidelines developed
21 by the department.

22 (b) Limitation.--The credit shall be allowed for the taxable
23 year in which the residence is purchased or the renovation of
24 the residence is completed. The credit allowed under this
25 section may not exceed:

26 (1) \$2,000 for a new residence; or

27 (2) 50% of the total amount expended, not to exceed
28 \$2,000, for the renovation of an existing residence.

29 (c) Application.--The credit shall require application by
30 the taxpayer as provided in section 1805-H.

1 (d) Exception.--The provisions of this section shall not be
2 applicable for taxable years beginning on or after January 1,
3 2018.

4 Section 1804-H. Tax credit for taxable years beginning on or
5 after January 1, 2018.

6 (a) General rule.--For taxable years beginning on or after
7 January 1, 2018, an individual shall be allowed a credit against
8 the tax imposed under section 302 for a portion of the total
9 purchase price paid by the individual for the purchase of a new
10 residence or the total amount expended by the individual to
11 renovate an existing residence if the new residence or the
12 renovating of the existing residence is designed to improve
13 accessibility, provide universal visitability and it meets the
14 eligibility requirements established by guidelines developed by
15 the department.

16 (b) Construction contractors.--A construction contractor
17 shall be allowed a credit against the tax imposed under section
18 302 for a portion of the total amount it expended in
19 constructing a new residential structure or unit or renovating
20 an existing residential structure or unit if the new residential
21 structure or unit or the renovating of the existing residential
22 structure or unit is designed to improve accessibility, provide
23 universal visitability and it meets the eligibility requirements
24 established by guidelines developed by the department.

25 (c) Limitation.--The credit shall be allowed for the taxable
26 year in which the residence is purchased or construction or
27 renovation of the residence or residential structure or unit is
28 completed. The credit allowed under this section may not exceed:

29 (1) \$5,000 for the purchase of each new residence or the
30 construction of each new residential structure or unit; or

1 (2) 50% of the total amount expended, not to exceed
2 \$5,000, for the renovation of each existing residence or
3 residential structure or unit.

4 (d) Prohibition.--No credit may be allowed under this
5 section for the purchase, construction or renovation of
6 residential rental property.

7 Section 1805-H. Procedure.

8 (a) Application.--Eligible taxpayers must apply for the
9 credit by submitting an application to the department. The
10 department shall issue a certification for an approved
11 application to the taxpayer. The taxpayer shall attach the
12 certification to the applicable income tax return.

13 (b) Amount of tax credits.--The total amount of tax credits
14 granted under this article for a fiscal year shall not exceed
15 \$1,000,000. In each year, the department shall allocate \$500,000
16 in tax credits for the purchase or construction of new
17 residences and \$500,000 in tax credits for the renovation of
18 existing residences or residential structures or units. If the
19 amount of tax credits approved in a fiscal year for the purchase
20 or construction of new residences is less than \$500,000, the
21 secretary shall allocate the remaining balance of the tax
22 credits for the renovation of existing residences or residential
23 structures or units. If the amount of tax credits approved in a
24 fiscal year for the renovation of existing residences or
25 residential structures or units is less than \$500,000, the
26 secretary shall allocate the remaining balance of the tax
27 credits for the purchase or construction of new residences.

28 (c) Applications exceeding allocation.--If applications for
29 the tax credit exceed the amount allocated by the secretary for
30 the fiscal year, the department shall issue the tax credits pro

1 rata based upon the amount of tax credit approved for each
2 taxpayer and the amount of tax credits allocated by the
3 secretary. The secretary may not:

4 (1) issue a tax credit relating to transactions or
5 dealings between affiliated entities; or

6 (2) issue a tax credit more than once to the same or
7 different persons relating to the same renovation or
8 construction project.

9 Section 1806-H. Limitation.

10 (a) General rule.--In no case may the amount of credit taken
11 by a taxpayer pursuant to this article exceed the taxpayer's
12 income tax liability for the taxable year. If the amount of
13 credit allowed for the taxable year in which the new residence
14 is purchased or construction or renovation of the residence or
15 residential structure or unit is completed exceeds the
16 taxpayer's income tax liability imposed for the taxable year,
17 the amount that exceeds the tax liability may be carried over
18 for credit against the income taxes of the taxpayer in the next
19 seven taxable years or until the total amount of the tax credit
20 issued has been taken, whichever is sooner.

21 (b) Credits to certain business entities.--Credits granted
22 to a partnership, limited liability company or electing small
23 business corporation (S corporation) shall be allocated to the
24 individual partners, members or shareholders in proportion to
25 their ownership or interest in the business entities.

26 Section 1807-H. Guidelines.

27 The department shall establish guidelines necessary to
28 implement this article.

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