

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 522 Session of 2019

INTRODUCED BY TOBASH, B. MILLER, SCHLOSSBERG, MURT, LONGIETTI, QUINN, KAUFFMAN, FEE, KAUFER, HICKERNELL, IRVIN, BERNSTINE, HEFFLEY, SIMMONS, McNEILL, PICKETT, DUSH, JONES, JOZWIAK, FREEMAN, STAATS, MILLARD, PYLE, GROVE, BARRAR, STRUZZI, OWLETT, SAYLOR, ZIMMERMAN, DeLUCA, ECKER, RYAN, GOODMAN, SOLOMON, HERSHEY, HELM, MIZGORSKI AND KLUNK, FEBRUARY 19, 2019

REFERRED TO COMMITTEE ON EDUCATION, FEBRUARY 19, 2019

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An
2 act relating to the public school system, including certain
3 provisions applicable as well to private and parochial
4 schools; amending, revising, consolidating and changing the
5 laws relating thereto," providing for the Career and
6 Technical Education Investment Incentive Program.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. The act of March 10, 1949 (P.L.30, No.14), known
10 as the Public School Code of 1949, is amended by adding an
11 article to read:

12 ARTICLE XX-I

13 CAREER AND TECHNICAL EDUCATION

14 INVESTMENT INCENTIVE PROGRAM

15 Section 2001-I. Scope of article.

16 This article relates to the Career and Technical Education
17 Investment Incentive Program.

1 Section 2002-I. Definitions.

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

5 "Applicable tax." The liability for taxes imposed under
6 Articles III, IV, VI, VII, VIII, IX, XV or XX of the Tax Reform
7 Code of 1971 or a tax under Article XVI of the act of May 17,
8 1921 (P.L.682, No.284), known as The Insurance Company Law of
9 1921. The term shall not include a tax withheld by an employer
10 from an employee under Article III of the Tax Reform Code of
11 1971.

12 "Area career and technical education school." A specialized
13 public secondary school established under subarticle (c) of
14 Article XVIII which is used exclusively or principally for the
15 provision of career and technical education programs to
16 individuals preparing to enter the labor market or pursue
17 postsecondary education.

18 "Business firm." An entity authorized to do business in this
19 Commonwealth and subject to taxes imposed under Article III, IV,
20 VI, VII, VIII, IX, XV or XX of the Tax Reform Code of 1971 or a
21 tax under Article XVI of The Insurance Company Law of 1921. The
22 term includes a pass-through entity, including a pass-through
23 entity whose purpose is the making of contributions under this
24 article and whose shareholders, partners or members are composed
25 of owners or employees of other business firms.

26 "Career and technical education partnership organization." A
27 nonprofit entity which meets all of the following:

28 (1) Is exempt from Federal taxation under section 501(c)
29 (3) of the Internal Revenue Code of 1986 (Public Law 99-514,
30 26 U.S.C. § 501(c)(3)).

1 (2) Provides support or expands access to career and
2 technical education programs.

3 (3) Contributes based on one of the following:

4 (i) At least 80% of its annual cash receipts as
5 contributions to a participating school for program-
6 related costs. For purposes of this subparagraph, a
7 nonprofit entity "contributes" its annual cash receipts
8 when it expends or otherwise irrevocably encumbers those
9 funds for expenditure during the then-current fiscal year
10 of the nonprofit entity or during the next succeeding
11 fiscal year of the nonprofit entity. A nonprofit entity
12 shall also include a school district foundation, public
13 school foundation, charter school foundation or area
14 career and technical education school foundation.

15 (ii) At least 80% of its annual cash receipts to an
16 enrollment expansion program. For purposes of this
17 subparagraph, a nonprofit entity "contributes" its annual
18 cash receipts to a scholarship program when it expends or
19 otherwise irrevocably encumbers those funds for
20 distribution during the then-current fiscal year of the
21 nonprofit entity or during the next succeeding fiscal
22 year of the nonprofit entity.

23 (iii) At least 80% of its annual cash receipts to a
24 combination of expenditures under subparagraphs (i) and
25 (ii).

26 "Career and technical education program."

27 (1) A vocational education program approved by the
28 Department of Education under 22 Pa. Code Ch. 339 (relating
29 to vocational education); and

30 (2) A program that provides educational activities which

1 meet all of the following:

2 (i) Offer a sequence of courses that:

3 (A) Provide individuals with content aligned
4 with academic standards and technical knowledge and
5 skills needed to prepare for further education and
6 careers in a high-priority occupation.

7 (B) Provide technical skill proficiency, an
8 industry-recognized credential, a certificate or an
9 associate degree.

10 (ii) Include competency-based applied learning that
11 contributes to the academic knowledge, higher-order
12 reasoning and problem-solving skills, work attitudes,
13 general employability skills, technical skills,
14 occupation-specific skills and knowledge of all aspects
15 of an industry, including entrepreneurship, of an
16 individual.

17 "Charter school." As defined in section 1703-A.

18 "Contribution." The donation of any of the following:

19 (1) Cash to a career and technical education partnership
20 organization to be used to pay program-related costs.

21 (2) Cash to a career and technical education partnership
22 organization to be used for an enrollment expansion program.

23 (3) Personal property, including equipment and supplies,
24 as approved by the participating school.

25 (4) Services, the value of which is the net cost of the
26 donation to the donor or the pro rata hourly wage, including
27 benefits, of the individual performing the service, as
28 approved by the participating school.

29 "Cyber charter school." As defined in section 1703-A.

30 "Department." The Department of Community and Economic

1 Development of the Commonwealth.

2 "Eligible student." An individual who:

3 (1) Is of school age, as defined in section 2002-B.

4 (2) Is enrolled in a school entity.

5 (3) Intends to enroll in an age-appropriate career and
6 technical education program.

7 (4) Is a current resident of this Commonwealth.

8 "Enrollment expansion program." A program established to pay
9 the fees associated with increasing the enrollment of eligible
10 students in a career and technical education program at
11 participating schools.

12 "High-priority occupation." A profession that:

13 (1) Is high-wage and high-skill for which there is
14 excess employer demand as identified in the Department of
15 Labor and Industry's current year's high-priority or in-
16 demand occupations list or the State System of Higher
17 Education's workforce needs assessment.

18 (2) Requires a credential, certification, licensing,
19 postsecondary training, associate's degree, bachelor's
20 degree, master's degree or doctoral or first professional
21 degree.

22 "Participating school." A public school, area career and
23 technical education school, charter school or regional charter
24 school that chooses to participate in the program.

25 "Pass-through entity." A partnership as defined in section
26 301(n.0) of the Tax Reform Code of 1971, a single-member limited
27 liability company treated as a disregarded entity for Federal
28 income tax purposes or a Pennsylvania S corporation as defined
29 in section 301(n.1) of the Tax Reform Code of 1971. The term
30 includes a pass-through entity that owns an interest in a pass-

1 through entity.

2 "Program." The Career and Technical Education Investment
3 Incentive Program established under this article.

4 "Program-related costs." Cost and fees for rental or
5 purchase of equipment, materials or supplies used in instructing
6 a career and technical education program at a participating
7 school.

8 "Public school." A public elementary school or a public
9 secondary school at which a resident of this Commonwealth may
10 legally fulfill the compulsory school attendance requirements of
11 this act and which meets the applicable requirements of Title VI
12 of the Civil Rights Act of 1964.

13 "Regional charter school." As defined in section 1703-A.

14 "School entity." A public school, area career and technical
15 education school, charter school, regional charter school or
16 cyber charter school.

17 "Secondary school." A school with an eleventh grade.

18 "Tax Reform Code of 1971." The act of March 4, 1971 (P.L.6,
19 No.2), known as the Tax Reform Code of 1971.

20 Section 2003-I. Declaration of policy.

21 The Commonwealth recognizes that businesses need educated and
22 trained workers. It is the intent of the General Assembly to
23 foster and encourage private investment in career and technical
24 education programs and the repair, upkeep, replacement and
25 upgrading of industry-grade materials and instructional
26 equipment. Furthermore, it is the intent of the General Assembly
27 that private investment will open doors of opportunity for
28 students and enable them to develop the knowledge and skills for
29 high-demand careers under this article.

30 Section 2004-I. School participation in program.

1 (a) Election to participate.--By October 1, 2019, and each
2 January 1 thereafter, a school entity other than a cyber charter
3 school may elect to participate in the program under this
4 article for the following school year.

5 (b) Notice.--A school entity that elects to participate
6 under subsection (a) shall notify the department of the intent
7 to participate on a form developed by the department. The notice
8 under this subsection shall specify all of the following:

9 (1) That the school entity intends to be a participating
10 school.

11 (2) The amount of program-related costs attributable to
12 each eligible student. The amount under this paragraph shall
13 not exceed the amount that would have been attributed to a
14 student outside of the enrollment expansion program.

15 (c) Participating school responsibilities.--The following
16 responsibilities shall apply to a participating school:

17 (1) Prior to enrollment of a student, a participating
18 school shall inform the parent of a student of the rules,
19 policies and procedures of the participating school,
20 including any academic policies, disciplinary rules or
21 administrative procedures. Enrollment of a student in a
22 participating school shall constitute acceptance of any
23 rules, policies or procedures of the participating school.

24 (2) A participating school may enroll an eligible
25 student in a career and technical education program until the
26 participating school's available seats are filled.

27 (d) Transportation.--

28 (1) Transportation of students of school age, as defined
29 in section 2002-B, shall be provided under section 1361.

30 (2) Reimbursement shall be as follows:

1 (i) Transportation of a student of school age, as
2 defined in section 2002-B, attending a participating
3 public school shall be subject to reimbursement under
4 section 2541.

5 (ii) Transportation of a student of school age, as
6 defined in section 2002-B, attending a participating area
7 career and technical education school, participating
8 charter school or participating regional charter school
9 shall be subject to reimbursement under section 2541.

10 (3) A participating school may provide transportation to
11 an eligible cyber charter school student. Transportation
12 shall be subject to reimbursement under section 2541.

13 Section 2005-I. Establishment and qualification by
14 organizations.

15 (a) Qualification.--

16 (1) In order to qualify for contributions under this
17 article, a career and technical education partnership
18 organization must certify to the department that the
19 organization is eligible to participate in the program.

20 (2) A career and technical education partnership
21 organization must agree to annually report by October 1,
22 2019, and each September 1 thereafter, on a form provided by
23 the department, the following information:

24 (i) The organization is exempt from taxation under
25 section 501(c)(3) of the Internal Revenue Code of 1986
26 (Public Law 99-514, 26 U.S.C. § 501(c)(3)) or is formed
27 as a nonprofit corporation under the laws of this
28 Commonwealth.

29 (ii) The total number of eligible students and the
30 total amount of contributions awarded per participating

1 school during the immediately preceding school year
2 through an enrollment expansion program.

3 (iii) Where the career and technical education
4 partnership organization collects information on a
5 county-by-county basis, the total number of eligible
6 students and the total amount of contributions awarded
7 during the immediately preceding school year through an
8 enrollment expansion program to residents of each county.

9 (iv) The names and descriptions of career and
10 technical education programs and the total amount of the
11 contributions made to those programs during the
12 immediately preceding school year.

13 (v) The name of each participating school that works
14 with businesses that offer internships, apprenticeships
15 and mentoring programs.

16 (vi) The name of each participating school where
17 career and technical education programs that received
18 contributions were implemented as a result of the
19 contribution during the immediately preceding school
20 year.

21 (vii) Where the career and technical education
22 partnership organization collects information on a
23 county-by-county basis, the total number and the total
24 amount of contributions made during the immediately
25 preceding school year for career and technical education
26 programs at participating schools in each county in which
27 the contributions were made.

28 (viii) The number of credentials earned, including,
29 but not limited to, a certificate, industry certification
30 or State license, and the industry or occupation to which

1 the credential is linked to this program during the
2 immediately preceding school year.

3 (ix) The number of students employed in high-
4 priority occupations as a result of participating in the
5 program.

6 (x) The number of students who secured internships
7 or apprenticeships for high-priority occupations.

8 (xi) The organization's Federal Form 990 or other
9 Federal or State form indicating the tax status of the
10 organization for Federal and State tax purposes, if any,
11 and a copy of a compilation, review or audit of the
12 organization's financial statements conducted by a
13 certified public accounting firm, including an itemized
14 list of expenditures.

15 (3) A career and technical education partnership
16 organization shall provide information under paragraph (2) to
17 the best of the career and technical education partnership
18 organization's ability.

19 (4) The department shall provide forms to interested
20 career and technical education partnership organizations and
21 shall post the forms on its publicly accessible Internet
22 website.

23 (5) The department may not require any other information
24 to be provided by career and technical education partnership
25 organizations, except as expressly authorized under this
26 article.

27 (6) A career and technical education partnership
28 organization that does not meet the certification
29 requirements of this article shall not be eligible to
30 participate in the program.

1 (b) Publication.--The department shall post and update as
2 necessary a list of each career and technical education
3 partnership organization qualified under this section on the
4 department's publicly accessible Internet website.

5 Section 2006-I. Contributions.

6 (a) Designation of contribution.--A contribution made by a
7 business firm under this article shall be designated for:

8 (1) an enrollment expansion program; or

9 (2) program-related costs in a career and technical
10 education program.

11 (b) Use of cash contributions.--A participating school shall
12 keep all cash contributions received under this article in a
13 restricted account which shall only be used for program-related
14 costs and enrollment expansion programs.

15 Section 2007-I. Tax credit.

16 (a) Application.--A business firm may apply to the
17 department for a tax credit certificate for contributions made
18 to a career and technical education partnership organization
19 under section 2006-I. A business firm that receives a tax credit
20 under this article shall be subject to the limitations in this
21 section and section 2008-I.

22 (b) Time of application for credits.--

23 (1) Except as provided in paragraph (2), the department
24 may accept applications for tax credits for a two-year
25 commitment available during fiscal year 2019-2020 beginning
26 no earlier than January 1, 2020, and for tax credits
27 available each fiscal year thereafter, no earlier than July
28 1.

29 (2) The application of a business firm for tax credits
30 available during a fiscal year as part of the third year of a

1 three-year commitment or as a renewal of a three-year
2 commitment which was fulfilled in the previous fiscal year
3 may be accepted no earlier than May 15 preceding the fiscal
4 year.

5 (c) Tax credit.--The Department of Revenue shall on a first-
6 come, first-served basis grant a tax credit against an
7 applicable tax to a business firm providing proof of a
8 contribution to a career and technical education partnership
9 organization in the taxable year in which the contribution is
10 made in accordance with the following:

11 (1) The tax credit shall not exceed 75% of the total
12 amount contributed during the taxable year by the business
13 firm.

14 (2) Except as provided under subsection (i), the tax
15 credit may not exceed \$750,000 annually per business firm for
16 contributions made to career and technical partnership
17 organizations.

18 (d) Priority.--Priority for a tax credit certificate under
19 subsection (c) shall be given to:

20 (1) A business firm that did not receive a tax credit
21 under Article XX-B in the prior fiscal year.

22 (2) A business firm that makes a contribution to a
23 career and technical education partnership organization
24 located in the business firm's workforce development area as
25 described in the Workforce Innovation and Opportunity Act
26 (Public Law 113-128, 128 Stat. 1425).

27 (e) Additional amount.--Subject to the limitations of
28 section 2008-I, and in accordance with this section, the
29 department shall grant a tax credit certificate of up to 90% of
30 the total amount contributed during the taxable year if the

1 business firm demonstrates a written commitment to provide the
2 career and technical education partnership organization with the
3 same amount for at least three consecutive tax years at the time
4 of application.

5 (f) Restriction on applicability of credits.--No tax credit
6 granted under this section shall be applied against tax withheld
7 by an employer from an employee under Article III of the Tax
8 Reform Code of 1971.

9 (g) Approval of tax credits.--Unless all authorized tax
10 credits have already been awarded, the department shall give
11 written notice of its approval to each business firm that
12 submits a completed application within 30 days following the
13 date postmarked on the envelope of the completed application.

14 (h) Waiting list.--The department shall maintain a waiting
15 list of each business firm whose application has not been
16 approved because all available tax credits have been awarded. A
17 business firm that is not awarded a tax credit due to a lack of
18 available tax credits shall be notified of a place on the
19 waiting list. When a tax credit becomes available, the
20 department shall award the tax credit to the business firms in
21 the order in which the business firms were placed on the waiting
22 list.

23 (i) Temporary increase in maximum tax credits available.--

24 (1) If all tax credits authorized under this section for
25 contributions to career and technical education partnership
26 organizations have not been awarded as of October 1 of a
27 fiscal year, the limitations specified in subsection (c)
28 shall not apply. The following shall apply:

29 (i) The department may accept applications from
30 October 1 through November 30 from a business firm,

1 including a business firm that already applied for the
2 maximum tax credits available under subsections (a) and
3 (e).

4 (ii) Tax credits awarded under this subsection shall
5 not exceed 75% of the total amount contributed during the
6 taxable year by a business firm pursuant to an
7 application filed under this subsection.

8 (iii) The provisions of subsection (b) shall not
9 apply to applications for tax credits made under this
10 subsection.

11 (2) The tax credits awarded under this subsection shall
12 be awarded on a first-come, first-served basis.

13 (j) Timing of contribution.--A contribution by a business
14 firm to a career and technical education partnership
15 organization shall be made no later than 30 days following the
16 approval of an application under subsection (a).

17 Section 2008-I. Limitations.

18 (a) Amount.--The total aggregate amount of all tax credits
19 approved for contributions from business firms to career and
20 technical education partnership organizations may not exceed
21 \$10,000,000 in a fiscal year. The following shall apply:

22 (1) Ten percent of the total aggregate amount of tax
23 credits under this subsection shall be distributed to a
24 business making a contribution to be used for an enrollment
25 expansion program.

26 (2) Ninety percent of the total aggregate amount of tax
27 credits under this subsection shall be distributed to a
28 business making a contribution to pay program-related costs.

29 (b) Activities.--No tax credit shall be approved for
30 activities that are a part of a business firm's normal course of

1 business.

2 (c) Tax liability.--

3 (1) Except as provided under paragraph (2), a tax credit
4 granted for a taxable year may not exceed the tax liability
5 of a business firm.

6 (2) In the case of a credit granted to a pass-through
7 entity which elects to distribute the tax credit under this
8 article, a tax credit granted for a taxable year and
9 distributed to a shareholder, member or partner may not
10 exceed the tax liability of the shareholder, member or
11 partner.

12 (d) Use.--A tax credit not used by the applicant in the
13 taxable year the contribution was made or in the year designated
14 by the shareholder, member or partner to whom the credit was
15 transferred under this article may not be carried forward or
16 carried back and is not refundable or transferable.

17 (e) Activities.--No tax credit shall be approved for
18 activities that are not a part of a business firm's normal
19 course of business.

20 Section 2009-I. Notice of participating schools.

21 By November 1, 2019, and each February 1 thereafter, the
22 department shall provide all career and technical education
23 partnership organizations with a list of each participating
24 school in this Commonwealth located within each county.

25 Section 2010-I. Guidelines.

26 Within 45 days of the effective date of this section, in
27 consultation with the Department of Education, Department of
28 Revenue and the Department of Labor and Industry, the department
29 shall develop guidelines to implement the program.

30 Section 2011-I. Annual report to General Assembly.

1 (a) Submittal.--The following shall apply:

2 (1) No later than December 1, 2020, and each December 1
3 thereafter, the Secretary of Community and Economic
4 Development shall submit a report to the General Assembly
5 summarizing the impact of the program provided under this
6 article. The department shall post the report on its publicly
7 accessible Internet website.

8 (2) The report shall be submitted to all of the
9 following:

10 (i) The chairperson and minority chairperson of the
11 Appropriations Committee of the Senate.

12 (ii) The chairperson and minority chairperson of the
13 Appropriations Committee of the House of Representatives.

14 (iii) The chairperson and minority chairperson of
15 the Education Committee of the Senate.

16 (iv) The chairperson and minority chairperson of the
17 Education Committee of the House of Representatives.

18 (b) Contents.--The report shall include the following
19 information:

20 (1) The amount of tax credits claimed for contributions
21 to a career and technical education partnership organization
22 during the fiscal year.

23 (2) The total cash, personal property and service
24 contributions made from business firms to career and
25 technical education partnership organizations.

26 (3) The number of students employed in a high-priority
27 occupation as a result of participating in the program.

28 (4) The number of students who secured internships or
29 apprenticeships for high-priority occupations.

30 (5) The number of students that secured certifications,

1 industry-recognized occupational or skill credentials for
2 high-demand occupations.

3 (6) A list of all career and technical education
4 partnership organizations receiving contributions from a
5 business firm granted a tax credit under this article.

6 (7) The number of high-priority industries participating
7 in the program.

8 (8) The regional disbursement of tax credits.

9 (9) Other data points deemed relevant or necessary by
10 the department administering the program.

11 (10) A funding evaluation of the program and
12 recommendations.

13 (c) The department shall provide information under
14 subsection (b) to the best of the department's ability.

15 Section 2. Within 10 days of the development of the
16 guidelines under section 2010-I of the act, the Department of
17 Community and Economic Development shall transmit notice of the
18 development of the guidelines to the Legislative Reference
19 Bureau for publication in the Pennsylvania Bulletin.

20 Section 3. The addition of Article XX-I of the act shall
21 apply to taxable years commencing after December 31, 2019.

22 Section 4. This act shall take effect as follows:

23 (1) The following shall take effect immediately:

24 (i) This section.

25 (ii) Section 2 of this act.

26 (iii) Section 3 of this act.

27 (iv) The addition of sections 2001-I, 2002-I and
28 2010-I of the act.

29 (2) The remainder of this act shall take effect
30 immediately upon publication in the Pennsylvania Bulletin of

1 the notice under section 2 of this act.