
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 895 Session of
2019

INTRODUCED BY SCHLOSSBERG, DAVIDSON, DeLUCA, FREEMAN, HILL-
EVANS, KINSEY, LONGIETTI, MURT, OTTEN AND McCLINTON,
MARCH 20, 2019

REFERRED TO COMMITTEE ON FINANCE, MARCH 20, 2019

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 the livable home tax credit.

20 Section 1802-H. 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 "Credit." The livable home tax credit provided for under
4 this article.

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

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

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

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

13 Section 1803-H. Tax credit for taxable years beginning on or
14 after January 1, 2020.

15 (a) General rule.--For taxable years beginning on or after
16 January 1, 2020, a taxpayer who purchases a new residence or
17 renovates an existing residence shall be allowed a credit
18 against the tax imposed under section 302 if the new residence
19 or the renovation of the existing residence is designed to
20 improve accessibility, provide universal visitability and meets
21 the eligibility requirements established by guidelines developed
22 by the department.

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

27 (1) \$2,000 for a new residence; or

28 (2) 50% of the total amount expended, not to exceed
29 \$2,000, for the renovation of an existing residence.

30 (c) Application.--The credit shall require application by

1 the taxpayer as provided under section 1805-H.

2 (d) Exception.--The provisions of this section shall not be
3 applicable for taxable years beginning on or after January 1,
4 2019.

5 Section 1804-H. Tax credit for taxable years beginning on or
6 after January 1, 2021.

7 (a) General rule.--For taxable years beginning on or after
8 January 1, 2021, a taxpayer shall be allowed a credit against
9 the tax imposed under section 302 for a portion of the total
10 purchase price paid by the taxpayer for the purchase of a new
11 residence or the total amount expended by the taxpayer to
12 renovate an existing residence if the new residence or the
13 renovating of the existing residence is designed to improve
14 accessibility, provide universal visitability and meets the
15 eligibility requirements established by guidelines developed by
16 the department.

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

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

30 (1) \$5,000 for the purchase of each new residence or the

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

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

8 Section 1805-H. Procedure.

9 (a) Application.--A person eligible for a credit under this
10 article must apply for the credit by submitting an application
11 to the department. The department shall issue a certification
12 for an approved application to the person. The person shall
13 attach the certification to the applicable income tax return.

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

29 (c) Applications exceeding allocation.--If applications for
30 the credit exceed the amount allocated by the secretary for the

1 fiscal year, the department shall issue the credits pro rata
2 based upon the amount of credit approved for each person and the
3 amount of credits allocated by the secretary. The secretary may
4 not:

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

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

10 Section 1806-H. Limitation.

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

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

27 Section 1807-H. Guidelines.

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

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