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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 831 Session of  
2019

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INTRODUCED BY FARNESE, FONTANA, STREET, LEACH, TARTAGLIONE AND  
COSTA, AUGUST 26, 2019

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REFERRED TO FINANCE, AUGUST 26, 2019

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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 a medical marijuana 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 XVII-L

17 MEDICAL MARIJUANA TAX CREDIT

18 Section 1701-L. Definitions.

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

22 "Applicant." A taxpayer who applies for the medical

1 marijuana tax credit under section 1702-L.

2 "Caregiver." As defined in section 103 of the Medical  
3 Marijuana Act.

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

5 "Dispensary." As defined in section 103 of the Medical  
6 Marijuana Act.

7 "Medical marijuana." As defined in section 103 of the  
8 Medical Marijuana Act.

9 "Medical Marijuana Act." The act of April 17, 2016 (P.L.84,  
10 No.16), known as the Medical Marijuana Act.

11 "Patient." As defined in section 103 of the Medical  
12 Marijuana Act.

13 "Qualified tax liability." The liability for taxes imposed  
14 under Article III. The term shall not include any tax withheld  
15 by an employer from an employee under Article III.

16 "Taxpayer." An individual subject to payment of taxes under  
17 Article III.  
18 Section 1702-L. Procedure.

19 (a) Application.--A taxpayer may submit an application for a  
20 tax credit under this article in a manner required by the  
21 department. The department shall approve or deny the  
22 application. The application shall contain the following  
23 information:

24 (1) The name and tax identification number of the  
25 taxpayer.

26 (2) Receipts for purchase of medical marijuana in the  
27 applicable tax year.

28 (3) Proof of registration as a patient or caregiver.

29 (4) Any other information deemed appropriate by the  
30 department.

1 (b) Attachment.--The application must be attached to the  
2 applicant's annual tax return required to be filed under Article  
3 III.

4 Section 1703-L. Claim.

5 (a) Eligibility.--A taxpayer may claim a tax credit against  
6 the qualified tax liability of the taxpayer for the amount the  
7 taxpayer spent on the purchase of medical marijuana as a patient  
8 or caregiver within this Commonwealth if the expense was not  
9 reimbursed by any other person.

10 (b) Maximum.--A taxpayer who qualifies under subsection (a)  
11 may claim a tax credit of up to \$1,000.

12 Section 1704-L. Carryover and carryback.

13 (a) General rule.--

14 (1) If the taxpayer cannot use the entire amount of the  
15 tax credit for the taxable year in which the taxpayer is  
16 eligible for the tax credit, the excess may be carried over  
17 to succeeding taxable years and used as a tax credit against  
18 the qualified tax liability of the taxpayer for those taxable  
19 years.

20 (2) Each time the tax credit is carried over to a  
21 succeeding taxable year, it shall be reduced by the amount  
22 that was used as a tax credit during the immediately  
23 preceding taxable year.

24 (3) The tax credit provided under this article may be  
25 carried over and applied to succeeding taxable years for no  
26 more than three taxable years following the first taxable  
27 year for which the taxpayer was entitled to claim the tax  
28 credit.

29 (b) Application.--A tax credit approved by the department in  
30 a taxable year shall first be applied against the taxpayer's

1 qualified liability for the current taxable year as of the date  
2 on which the tax credit was approved before the tax credit can  
3 be applied against any tax liability under subsection (a).

4 (c) Limitations.--A taxpayer may not carry back, obtain a  
5 refund of, sell or assign an unused tax credit.

6 Section 1705-L. Total amount of tax credits.

7 The total amount of tax credits authorized under this article  
8 may not exceed \$10,000,000.

9 Section 1706-L. Guidelines.

10 The department shall adopt guidelines, including forms,  
11 necessary to administer this article. The department shall  
12 require receipts from a dispensary and proof of registration as  
13 a patient or caregiver to claim the tax credit.

14 Section 1707-L. Report to General Assembly.

15 (a) Time.--No later than June 1, 2021, the department shall  
16 submit a report on the tax credits granted under this article.  
17 The report shall include the amount of tax credits approved and  
18 the average tax credit approved per taxpayer.

19 (b) Contents.--The report may include recommendations for  
20 changes in the calculation or administration of the tax credit.  
21 The report may include other information that the department  
22 deems appropriate.

23 (c) Submittal.--The report shall be submitted to each of the  
24 following:

25 (1) The chairperson and minority chairperson of the  
26 Appropriations Committee of the Senate.

27 (2) The chairperson and minority chairperson of the  
28 Appropriations Committee of the House of Representatives.

29 (3) The chairperson and minority chairperson of the  
30 Finance Committee of the Senate.

1           (4) The chairperson and minority chairperson of the  
2           Finance Committee of the House of Representatives.  
3           Section 2. This act shall take effect in 60 days.