

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1303 Session of 2021

INTRODUCED BY ORTITAY, GROVE, RYAN, KEEFER, ROZZI AND THOMAS, APRIL 29, 2021

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, MAY 26, 2021

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," in tax credit eligibility, further providing for
11 definitions and for eligibility and providing for application
12 and administration, for assessment, for administering agency
13 training, for broker registration, for tax credit and tax
14 benefit reports, for allocation of tax credits awarded upon
15 appeal and for guidelines; in research and development tax
16 credit, further providing for credit for research and
17 development expenses, for carryover, carryback, refund and
18 assignment of credit and for report to General Assembly; in
19 keystone innovation zones, further providing for keystone
20 innovation zone tax credits and for annual report; in
21 procedure and administration, further providing for petition
22 for reassessment, for petition procedure and for review by
23 board; and making editorial changes.

24 The General Assembly of the Commonwealth of Pennsylvania
25 hereby enacts as follows:

26 Section 1. The heading of Article XVII-A.1 of the act of
27 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
28 1971, is amended to read:

ARTICLE XVII-A.1

TAX CREDIT [ELIGIBILITY] AND TAX BENEFIT ADMINISTRATION

Section 2. The definition of "tax credit" in section 1701-A.1 of the act is amended and the section is amended by adding definitions to read:

Section 1701-A.1. Definitions.

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

"Administering agency." A department, board or commission that administers a tax benefit or tax credit as required by a law of this Commonwealth. The term includes a Keystone innovation zone coordinator under Article XIX-F.

"Applicant." A person applying to an administering agency for a tax credit or a tax benefit.

"Application." An application submitted to an administering agency by an applicant for a tax credit or tax benefit. The term includes a transfer application and supplemental documentation required to be provided by an applicant, including reports, returns and statements.

"Broker." A person registered to engage in the business of effectuating transactions in tax credits for the account of others, including assisting a taxpayer to apply for, sell, transfer, assign or purchase a tax credit. The term includes an entity and any partner, officer, director or affiliate of the entity or a person occupying a similar status or performing similar functions for the entity.

* * *

"Person." Any individual, employer, association, fiduciary, partnership, corporation, entity, estate or trust, whether a

1 resident or nonresident of this Commonwealth.

2 "Program year." The annual period in which the tax credit or
3 tax benefit operates.

4 "Recipient." A person which is sold, assigned or transferred
5 a transferrable tax credit.

6 "Tax benefit." For purposes of this article, a tax benefit
7 authorized under any of the following:

8 (1) Article XVII-A.

9 (2) Article XVIII-C.

10 (3) Article XIX-B.

11 (4) Article XIX-D.

12 (5) Article XXIX-C.

13 (6) Article XXIX-D.

14 (7) The act of October 6, 1998 (P.L.705, No.92), known
15 as the Keystone Opportunity Zone, Keystone Opportunity
16 Expansion Zone and Keystone Opportunity Improvement Zone Act.

17 "Tax credit." A tax credit authorized under any of the
18 following:

19 (1) Article XVII-B.

20 (2) Article XVII-D.

21 (3) Article XVII-E.

22 (4) Article XVII-G.

23 (5) Article XVII-H.

24 (6) Article XVII-I.

25 (7) Article XVII-J.

26 (8) Article XVII-K.

27 (8.1) Article XVII-L.

28 (9) Article XVIII.

29 (10) Article XVIII-B.

30 (11) Article XVIII-D.

1 (12) Article XVIII-E.

2 (13) Article XVIII-F.

3 (14) Article XVIII-G.

4 (14.1) Article XVIII-H.

5 (15) Article XIX-A.

6 (15.1) Article XIX-C.

7 (16) Article XIX-E.

8 (16.1) Article XIX-F.

9 (17) Section 2010.

10 (18) Article XXIX-D.

11 (19) Article XX-B of the act of March 10, 1949 (P.L.30,
12 No.14), known as the Public School Code of 1949.

13 (20) The act of December 1, 2004 (P.L.1750, No.226),
14 known as the First Class Cities Economic Development District
15 Act.

16 (21) 12 Pa.C.S. Ch. 34 (relating to Infrastructure and
17 Facilities Improvement Program).

18 (22) Any other program established by a law of this
19 Commonwealth in which a person applies for and receives a
20 credit against a tax. This paragraph shall not apply to a
21 credit against a tax liability as a result of an overpayment.

22 "Taxpayer." A person which was approved for a tax credit or
23 tax benefit or which otherwise received a tax credit.

24 "Transfer application." An application submitted to the
25 department or the administering agency by an applicant or a
26 recipient as part of the sale, assignment or transfer of a
27 transferrable tax credit to a recipient.

28 "Transferrable tax credit." A tax credit which may be sold,
29 assigned or transferred from an applicant to a different
30 taxpayer. The term includes a tax credit which may be

1 transferred to a shareholder, member or partner of an applicant.

2 Section 3. Section 1702-A.1 of the act is amended to read:

3 Section 1702-A.1. [Eligibility.] Determination of eligibility
4 and method of submission.

5 (a) Tax reports and returns.--Except as otherwise provided
6 by law, before a tax credit [can] or tax benefit may be awarded,
7 the department [may] or administering agency, as applicable,
8 shall make a finding that [the taxpayer] an applicant or a
9 recipient has filed all required State tax reports and returns
10 for all applicable taxable years and paid any balance of State
11 tax due as determined at settlement or assessment by the
12 department, unless the tax due is [currently] under appeal at
13 the time the finding was made by the department or administering
14 agency.

15 (b) [(Reserved).] Electronic applications.--The department
16 or administering agency, as applicable, may require an
17 application for a tax benefit or tax credit to be filed
18 electronically.

19 Section 4. The act is amended by adding sections to read:

20 Section 1703-A.1. Application and administration.

21 (a) Insufficient application.--If an administering agency
22 finds that an application is insufficient, the department, in
23 consultation with the administering agency, may do all of the
24 following:

25 (1) Require the submission of additional documentation
26 or verification which verifies material in the application.
27 Additional documentation or verification required under this
28 paragraph may include any of the following:

29 (i) A copy of the photo identification of the
30 applicant's or recipient's chief executive officer and

1 authorized representative responsible for submitting the
2 application. A copy of photo identification under this
3 subparagraph shall include the individual's name and
4 address.

5 (ii) Bank account statements relating to the
6 business.

7 (iii) Business records, including receipts and
8 expenditures.

9 (iv) Business origination documents, including
10 articles of incorporation, partnership or reference to
11 documents under this subparagraph in records of the
12 Department of State or similar entity in another
13 jurisdiction.

14 (v) Any other information required by the department
15 or administering agency to validate the application.

16 (2) For an applicant which is not an individual, require
17 that the applicant or recipient meet for a virtual or in-
18 person interview with representatives or agents of the
19 department or the administering agency to verify the
20 application.

21 (3) For an applicant which is not an individual, require
22 the applicant or recipient to agree to submit to scheduled or
23 unscheduled site inspections by the department, the
24 administering agency or representatives or agents of the
25 department or administering agency. If the site is located in
26 an area where unscheduled site visits are not feasible, the
27 department or administering agency shall provide sufficient
28 notice prior to the visit.

29 (b) Risk criteria.--The department, in consultation with an <--
30 administering agency, may AND AN ADMINISTERING AGENCY MAY <--

1 JOINTLY develop risk scoring criteria to determine when an
2 applicant or recipient may be required to do any of the
3 following:

4 (1) As a condition of approval of the application, to
5 hire an independent auditor to prepare audited financial
6 statements. The independent auditor under this paragraph
7 shall be a certified public accountant.

8 (2) Provide information which shall be included in the
9 audited financial statements under paragraph (1).

10 (3) Require the audited financial statements under
11 paragraph (1) to be submitted to the department.

12 (c) Reports.--An applicant which is approved for a tax
13 credit or tax benefit shall file an annual report with the
14 department or administering agency detailing all of the
15 following:

16 (1) For a transferrable tax credit, all of the
17 following:

18 (i) Whether the applicant used, sold, assigned or
19 transferred a portion or all of the tax credit in the
20 prior program year.

21 (ii) Whether the tax credit was sold, assigned or
22 transferred for consideration in the prior program year
23 and the name of the recipient.

24 (iii) If the tax credit was sold, assigned or
25 transferred for consideration, the amount of the
26 consideration.

27 (iv) If the tax credit was sold, assigned or
28 transferred for consideration, whether the sale,
29 assignment or transfer was conducted with the assistance
30 of a broker and the name and registration number of the

1 broker.

2 (2) If applicable, an itemization of expenses, income
3 and jobs generated as a result of the receipt of the tax
4 credit or tax benefit.

5 (3) Any other information that the department or
6 administering agency deems necessary.

7 (d) Submission of data.--The department or administering
8 agency shall provide the information submitted under subsection
9 (c)(2) to the Independent Fiscal Office for use in preparing a
10 tax credit report under section 5 of the act of October 30, 2017
11 (P.L.797, No.48), known as the Performance-Based Budgeting and
12 Tax Credit Efficiency Act.

13 Section 1704-A.1. Assessment.

14 (a) Authorization.--The department may issue an assessment
15 against a taxpayer if the department determines that a tax
16 credit or tax benefit was improperly issued or the benefits of
17 the tax credit or tax benefit were improperly conferred.

18 (b) Liability for assessment.--If a tax credit is sold,
19 transferred or assigned to a bona fide purchaser for
20 consideration, the department may only issue an assessment under
21 subsection (a) against the person selling the tax credit and the
22 broker which signed the certification required by section 1706-
23 A.1(g). A seller and broker under this subsection shall be
24 jointly and severally liable for the amount due.

25 (c) Procedures.--The procedures, collection, enforcement and
26 appeals of an assessment made under subsection (a) shall be
27 subject to Part X of Article III, except that the limitations on
28 assessment and collection under section 348 shall not apply.

29 (d) Limitations.--

30 (1) Except as provided under paragraph (2), the

1 department must issue an assessment under subsection (a)
2 within three years of the date the tax credit OR TAX BENEFIT <--
3 is awarded or within three years of the date the tax credit
4 is sold, transferred or assigned, whichever is later.

5 (2) If a taxpayer obtains a tax credit OR TAX BENEFIT by <--
6 fraud, the department may issue an assessment under
7 subsection (a) at any time.

8 Section 1705-A.1. Administering agency training.

9 (a) Training.--An administering agency shall provide agency
10 employees and representatives and agents of the administering
11 agency who assist applicants with applications with training on
12 all of the following:

13 (1) The requirements for a tax credit or tax benefit.

14 (2) Advising an applicant that has been issued a tax
15 credit or tax benefit of the duty of the business to file
16 reports concerning use of the tax credit or tax benefit as
17 required by the laws of this Commonwealth.

18 (3) Conducting onsite visits to verify compliance with
19 the requirements relating to application for and issuance of
20 a tax credit or tax benefit.

21 (4) Conducting scheduled and unscheduled visits to the
22 site of a taxpayer to ensure compliance with the requirements
23 of the tax credit or tax benefit.

24 (b) (Reserved).

25 Section 1706-A.1. Broker registration.

26 (a) Registration required.--A broker shall be registered
27 with the department under this section. An agent or other party
28 representing a broker or assisting a broker on behalf of an
29 applicant executing an application for, purchase of or sale of a
30 tax credit or tax benefit shall register under this section. <--

1 (b) Guidelines.--The department, in consultation with the
2 Department of Community and Economic Development, shall
3 establish guidelines providing for the application and
4 registration of a broker under this section. The guidelines
5 shall require all of the following:

6 (1) The name and address of the broker showing that the
7 broker resides in this Commonwealth.

8 (2) The name and address of the business with which the
9 broker is employed or otherwise associated that is located in
10 this Commonwealth.

11 (3) That the broker be at least 18 years of age.

12 (4) The minimum educational requirements, qualifications
13 and experience necessary for the issuance of a registration
14 under this section.

15 (5) A criminal background check prepared by the
16 Pennsylvania State Police that demonstrates the broker has
17 not been convicted of a felony offense or an offense that
18 involved fraud or misrepresentation in this Commonwealth or
19 any other jurisdiction.

20 (6) A list of each professional license that has been
21 issued to the broker and whether the broker is in good
22 standing with the licensing authority.

23 (7) Verification that the application is submitted in
24 accordance with 18 Pa.C.S. §§ 4903 (relating to false
25 swearing) and 4904 (relating to unsworn falsification to
26 authorities).

27 (8) Payment of any required application, licensing and
28 registration fees.

29 (9) Tax clearance showing satisfaction of all State and
30 local taxes.

1 (c) Applications.--A broker shall obtain an initial or
2 renewed registration by filing an application with the
3 department, providing information and documentation and paying
4 all fees as required by the department.

5 (d) Duration of registration.--A registration under this
6 section shall be valid for a period of two years from the date
7 of issuance.

8 (e) Registration number.--A registration under this section
9 shall include a unique registration number for the registrant. A
10 registration under this section may be suspended or revoked by
11 the department for good cause.

12 (f) Appeals.--A broker who is denied a registration under
13 this section, or whose registration is suspended or revoked, may
14 appeal the department's determination in the same manner as
15 provided by Article XXVII.

16 (g) Attachment of certification.--A broker executing the
17 sale of a tax credit ~~or tax benefit~~ or assisting an applicant or <--
18 a taxpayer to apply for or purchase a tax credit ~~or tax benefit~~ <--
19 shall attach a certification to the application that the
20 statements and representations made in the application are true
21 and correct and subject to the penalties as set forth in 18
22 Pa.C.S. § 4903 or 4904. The broker shall include the broker's
23 unique registration number issued by the department in the
24 certification under this ~~subsection~~ SECTION. <--

25 (h) Fees.--The department may require the payment of an
26 application fee to review and process a registration under this
27 section.

28 (i) Penalties.--A person who violates the requirements
29 specified under this section shall pay a civil fine of \$25,000
30 for the first offense and \$50,000 for each additional offense to

1 the department.

2 (j) Bond required.--A broker registered under this section
3 shall post a bond of \$50,000 with the department.

4 Section 1707-A.1. Tax credit and tax benefit reports.

5 (a) Reports.--Beginning ~~NOTWITHSTANDING ANY LAW PROVIDING~~ <--
6 FOR THE CONFIDENTIALITY OF TAX CREDITS, BEGINNING with the first
7 program year which begins after the effective date of this
8 section and each program year thereafter, the administering
9 agency shall publish a report for each tax credit or tax
10 benefit, which shall include the following information:

11 (1) The name of each applicant which received a tax
12 credit or tax benefit in the prior program year. For a tax
13 credit, the amount of tax credit awarded to each applicant.

14 (2) For a tax credit, whether an applicant under
15 paragraph (1) sold, assigned or transferred a tax credit in
16 the prior program year.

17 (3) If applicable, a summary of the data submitted under
18 section 1703-A.1(c)(2).

19 (4) If available, all of the following:

20 (i) The name of the recipient to which the tax
21 credit under paragraph (2) was sold, assigned or
22 transferred in the prior program year. The name of an
23 individual receiving a tax credit without consideration
24 from a pass-through entity in which the individual is a
25 shareholder, member or partner shall not be published.

26 (ii) The amount of tax credit under paragraph (2)
27 that was sold, assigned or transferred in the prior
28 program year.

29 (iii) The price for which a tax credit under
30 paragraph (2) was sold, assigned or transferred.

1 (b) Publication.--

2 (1) Except as provided under paragraph (2), an
3 administering agency shall publish a report under subsection
4 (a) on the administering agency's publicly available Internet
5 website no later than 45 days after the end of a program
6 year.

7 (2) If an administering agency is required by a law of
8 this Commonwealth to prepare an annual report on the tax
9 credit or tax benefit, the information under subsection (a)
10 shall be included in the annual report required by the law of
11 this Commonwealth.

12 Section 1708-A.1. Allocation of tax credits OR TAX BENEFITS <--

13 awarded upon appeal.

14 (a) Appeal.--If an administering agency denies an
15 applicant's application for a tax credit or tax benefit program,
16 the applicant may appeal the administering agency's
17 determination in the same manner as provided by Article XXVII.

18 (b) Awarding of tax credit or tax benefit upon appeal.--The
19 following shall apply to an allocation of tax credits awarded
20 upon the final resolution of an appeal:

21 (1) If an applicant is awarded a tax credit which is
22 subject to a total annual limitation, upon the final
23 resolution of an appeal after the full allocation of credits
24 available for a fiscal year is completely expended, the
25 administering agency shall include the awarded tax credit
26 within the distribution of tax credits in the next program
27 year after the resolution of the appeal for which an amount
28 for allocation is available.

29 (2) When awarding a tax credit to an applicant under
30 paragraph (1), the administering agency shall apply any

1 reduction in the awarded tax credit amount as was applied in
2 the program year for which the credit was denied if the
3 reduction was applied due to the total credits applied for
4 exceeding the amount of credits allocated for the program
5 year.

6 (3) When awarding a tax credit to an applicant under
7 paragraph (1), the administering agency shall reduce the
8 total amount of credits available for allocation in the next
9 program year by the amount of credits awarded.

10 (4) The awarded tax credits under paragraph (1) shall
11 apply for the program year in which the credit was denied.

12 (C) APPEAL.--IF THE DEPARTMENT OF COMMUNITY AND ECONOMIC <--
13 DEVELOPMENT DENIES AN APPLICANT'S APPLICATION FOR A TAX CREDIT
14 OR TAX BENEFIT PROGRAM, THE APPLICANT MAY APPEAL IN A MANNER
15 ESTABLISHED BY THE DEPARTMENT OF COMMUNITY AND ECONOMIC
16 DEVELOPMENT.

17 (D) DEFINITION.--AS USED IN THIS SECTION, THE TERM
18 "ADMINISTERING AGENCY" SHALL EXCLUDE THE DEPARTMENT OF COMMUNITY
19 AND ECONOMIC DEVELOPMENT.

20 Section 1709-A.1. Guidelines.

21 The department shall develop written guidelines for the
22 implementation of this article.

23 Section 5. Sections 1703-B(a) and (c), 1704-B(a) and (b),
24 1711, 1906(b) and 1908-F of the act are amended to read:

25 Section 1703-B. Credit for Research and Development
26 Expenses.--(a) A taxpayer who incurs Pennsylvania qualified
27 research and development expense in a taxable year may apply for
28 a research and development tax credit as provided in this
29 article. By [September 15] November 1, a taxpayer must submit an
30 application to the department for Pennsylvania qualified

1 research and development expense incurred in the taxable year
2 that ended in the prior calendar year.

3 * * *

4 (c) By [December 15 of the] May 1 of the second calendar
5 year following the close of the taxable year during which the
6 Pennsylvania qualified research and development expense was
7 incurred, the department shall notify the taxpayer of the amount
8 of the taxpayer's research and development tax credit approved
9 by the department.

10 Section 1704-B. Carryover, Carryback, Refund and Assignment
11 of Credit.--(a) If the taxpayer cannot use the entire amount of
12 the research and development tax credit for the first taxable
13 year in which the taxpayer applied for a research and
14 development tax credit [is first approved], then the excess may
15 be carried over to succeeding taxable years and used as a credit
16 against the qualified tax liability of the taxpayer for those
17 taxable years. Each time that the research and development tax
18 credit is carried over to a succeeding taxable year, it is to be
19 reduced by the amount that was used as a credit during the
20 immediately preceding taxable year. The research and development
21 tax credit provided by this article may be carried over and
22 applied to succeeding taxable years for no more than fifteen
23 taxable years following the first taxable year for which the
24 taxpayer was entitled to claim the credit.

25 (b) A research and development tax credit approved by the
26 department for Pennsylvania qualified research and development
27 expense in a taxable year first shall be applied against the
28 taxpayer's qualified tax liability for the current taxable year
29 as of the date on which the [credit was approved] taxpayer
30 applied for the credit before the research and development tax

1 credit is applied against any tax liability under subsection
2 (a).

3 * * *

4 Section 1711-B. Report to General Assembly.--The secretary
5 shall submit an annual report to the General Assembly indicating
6 the effectiveness of the credit provided by this article no
7 later than [March 15 following the] October 1 following the
8 calendar year in which the credits were approved. The report
9 shall include the names of all taxpayers utilizing the credit as
10 of the date of the report and the amount of credits approved and
11 utilized by each taxpayer. Notwithstanding any law providing for
12 the confidentiality of tax records, the information contained in
13 the report shall be public information. The report may also
14 include any recommendations for changes in the calculation or
15 administration of the credit.

16 Section 1906-F. Keystone innovation zone tax credits.

17 * * *

18 (b) Application for tax credit.--A KIZ company may file an
19 application for a tax credit with the department. An application
20 under this subsection must be filed by [September 15 of each
21 year for the prior taxable year, beginning September 15, 2006]
22 November 1 for the prior tax year. The application must be
23 submitted on a form required by the department and must be
24 accompanied by a certification from the KIZ coordinator that the
25 KIZ company falls within a targeted industry segment identified
26 in the strategic plan adopted by the KIZ partnership, and meet
27 any other requirements specified by the department. The
28 department shall review the application and, upon being
29 satisfied that all requirements have been met, the department
30 shall issue a tax credit certificate to the KIZ company. All

1 certificates shall be awarded by [December 15 of each year] May
2 1 of each year following the calendar year of application.

3 * * *

4 (d) Application of tax credit and election.--A tax credit
5 approved under this section must be first applied against the
6 KIZ company's tax liability under Article III, IV or VI, for the
7 taxable year [during] in which the taxpayer applied for the tax
8 credit [is approved]. If the amount of tax liability owed by the
9 KIZ company is less than the amount of the tax credit, the KIZ
10 company may elect to carry forward the amount of the remaining
11 tax credit for a period not to exceed four additional taxable
12 years and to apply the credit against tax liability incurred
13 during those tax years; or the KIZ company may elect to sell or
14 assign a portion of the tax credit in accordance with the
15 provisions of subsection (f). A KIZ company may not carry back
16 or obtain a refund of an unused keystone innovation zone tax
17 credit.

18 (e) Pennsylvania S corporation shareholder pass-through.--

19 (1) If a Pennsylvania S corporation does not have an
20 eligible tax liability against which the tax credit may be
21 applied, a shareholder of the Pennsylvania S corporation is
22 entitled to a tax credit equal to the product of:

23 (i) the tax credit determined for the Pennsylvania S
24 corporation for the taxable year; and

25 (ii) the percentage of the Pennsylvania S
26 corporation's distributive income to which the
27 shareholder is entitled.

28 (2) The credit provided under paragraph (1) is in
29 addition to any tax credit to which a shareholder of the
30 Pennsylvania S corporation is otherwise entitled. However, a

1 Pennsylvania S corporation and a shareholder of the
2 Pennsylvania S corporation may not claim a tax credit under
3 this section for the same activity.

4 (f) Sale or assignment of tax credit.--

5 (1) Upon application to and approval by the department,
6 a KIZ company which has been awarded a tax credit may sell or
7 assign, in whole or in part, the tax credit granted to the
8 KIZ company. The application must be on the form required by
9 the department and must include or demonstrate all of the
10 following:

11 (i) The applicant's name and address.

12 (ii) A copy of the tax credit certificate previously
13 issued by the department.

14 (iii) A statement as to whether any part of the tax
15 credit has been applied to tax liability of the applicant
16 and the amount so applied.

17 (iv) Any other information required by the
18 department.

19 (2) The department shall review the application and,
20 upon being satisfied that all requirements have been met, the
21 department may approve the application and shall notify the
22 Department of Revenue.

23 (g) Use of sold or assigned tax credit.--The purchaser or
24 assignee of all or a portion of a keystone innovation zone tax
25 credit under this section shall claim the credit in the taxable
26 year in which the purchase or assignment is made. The purchaser
27 or assignee of a tax credit may use the tax credit against any
28 tax liability of the purchaser or assignee under Article III,
29 IV, VI, VII, VIII, IX or XV. The amount of the tax credit used
30 may not exceed 75% of the purchaser's or assignee's tax

1 liability for the taxable year. The purchaser or assignee may
2 not carry over, carry back, obtain a refund of or assign the
3 keystone innovation zone tax credit. The purchaser or assignee
4 shall notify the department and the Department of Revenue of the
5 seller or assignor of the keystone innovation zone tax credit in
6 compliance with procedures specified by the department.

7 * * *

8 Section 1908-F. Annual report.

9 The department shall submit an annual report to the Secretary
10 of the Senate and the Chief Clerk of the House of
11 Representatives indicating the effectiveness of the keystone
12 innovation zone tax credit provided by this article by [December
13 31 of each year, beginning December 31, 2007] October 1 of each
14 year following the calendar year of application. Notwithstanding
15 any law providing for the confidentiality of tax records, the
16 report shall include the names of all taxpayers awarded the
17 credits, all taxpayers utilizing the credits, the amount of
18 credits approved and utilized by each taxpayer and the locations
19 of the KIZ companies awarded the credits. The report shall be a
20 public document.

21 Section 6. Section 2702 of the act is amended by adding a
22 subsection to read:

23 Section 2702. Petition for reassessment.

24 * * *

25 (a.2) Petition for review of denial of tax credit or tax
26 benefit.--The following apply:

27 (1) A petition for reassessment under subsection (a) may
28 include a request for review of a denial of an application
29 for a tax credit or tax benefit made by an administering
30 agency.

1 (2) The administering agency shall have the right to be
2 represented in all proceedings before the department. An
3 applicant filing a petition under paragraph (1) shall provide
4 a copy of the petition to the administering agency within 30
5 days of the applicant filing the petition with the
6 department.

7 (3) The department's review of a petition filed under
8 paragraph (1) shall be limited to the administering agency's
9 denial of a tax credit or tax benefit and shall not include a
10 review of any underlying tax determinations.

11 ~~(4) For the purposes of this subsection, the terms~~ <--
12 ~~administering agency, applicant, tax benefit and tax credit~~
13 ~~shall have the same meaning as in section 1701 A.1.~~

14 (4) FOR THE PURPOSES OF THIS SUBSECTION: <--

15 (I) THE TERMS "APPLICANT," "TAX BENEFIT" AND "TAX
16 CREDIT" SHALL HAVE THE SAME MEANING AS IN SECTION 1701-
17 A.1.

18 (II) THE TERM ADMINISTERING AGENCY SHALL HAVE THE
19 SAME MEANING AS IN SECTION 1701-A.1 BUT SHALL NOT INCLUDE
20 THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT.

21 * * *

22 Section 7. Section 2703(a) is amended by adding paragraphs
23 and the section is amended by adding a subsection to read:

24 Section 2703. Petition procedure.

25 (a) Content of petition.--

26 * * *

27 (2.2) A petition for review of tax adjustment not
28 resulting in an increase in liability shall state:

29 (i) The tax type and tax periods included within the
30 petition.

1 (ii) The amount of the tax that the taxpayer claims
2 to have been erroneously adjusted.

3 (iii) The basis upon which the taxpayer claims that
4 the adjustment is erroneous.

5 (2.3) A petition for review of denial of tax credit or
6 tax benefit shall state:

7 (i) The tax credit or tax benefit program for which
8 the applicant was denied.

9 (ii) The amount of the tax credit or tax benefit
10 that the taxpayer claims to have been erroneously denied.

11 (iii) The basis upon which the taxpayer claims that
12 the denial is erroneous.

13 * * *

14 (b.1) Participation of administering agency.--An
15 administering agency of a tax credit or tax benefit shall be
16 permitted to participate in a hearing before the department.
17 The department shall notify the administering agency of the
18 date, time and place where the hearing will be held. The
19 administering agency shall be provided the opportunity to
20 comment upon any submitted evidence and provide written and oral
21 argument to support its denial.

22 * * *

23 Section 8. Section 2704(d.1) of the act is amended by adding
24 a paragraph to read:

25 Section 2704. Review by board.

26 * * *

27 (d.1) Representation.--

28 * * *

29 (3) An administering agency of a tax credit or tax
30 benefit shall be permitted to participate in all proceedings

1 before the board. The board shall notify the administering
2 agency of the date, time and place where the hearing will be
3 held. The administering agency shall be provided the
4 opportunity to comment upon any submitted evidence and
5 provide written and oral argument to support its denial.

6 * * *

7 Section 9. This act shall take effect as follows:

8 (1) This section shall take effect immediately.

9 (2) The addition of section ~~1704-A.1~~ 1706-A.1 of the act <--
10 shall take effect in 180 days.

11 (3) The remainder of this act shall take effect in 30
12 days.