

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 288 Session of 2021

INTRODUCED BY MENSCH, BAROLOTTA, REGAN, STEFANO, J. WARD AND BOSCOLA, FEBRUARY 26, 2021

REFERRED TO FINANCE, FEBRUARY 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 corporate net income tax, further providing
 11 for manufacturing innovation and reinvestment deduction.

12 The General Assembly of the Commonwealth of Pennsylvania
 13 hereby enacts as follows:

14 Section 1. Section 407.7(a) and (d)(1.1) and (1.2) of the
 15 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code
 16 of 1971, amended or added June 28, 2019 (P.L.50, No.13), are
 17 amended to read:

18 Section 407.7. Manufacturing Innovation and Reinvestment
 19 Deduction.--(a) In order to be eligible to receive a
 20 manufacturing innovation and reinvestment deduction, a taxpayer
 21 must demonstrate to the department a private capital investment
 22 in excess of [sixty million dollars (\$60,000,000)] one hundred

1 million dollars (\$100,000,000) for the creation of new or
2 refurbished manufacturing capacity within three years of a
3 designated start date.

4 * * *

5 (d) (1.1) If the private capital investment is in excess of
6 [sixty million dollars (\$60,000,000), but not more than one
7 hundred million dollars (\$100,000,000)] one million dollars
8 (\$1,000,000), but not more than ten million dollars
9 (\$10,000,000), the maximum allowable deduction shall be equal to
10 [thirty-seven and one-half] ten per cent of the private capital
11 investment utilized in the creation of new or refurbished
12 manufacturing capacity[. A taxpayer may utilize the deduction in
13 an amount not to exceed seven and one-half per cent of the
14 private capital investment utilized in the creation of new or
15 refurbished manufacturing capacity in any one year of the
16 succeeding ten tax years immediately following the department's
17 satisfaction determination and the execution of a satisfaction
18 commitment letter, up to the maximum allowable deduction.] per
19 tax year for a period of five years.

20 (1.2) If the private capital investment [exceeds one hundred
21 million dollars (\$100,000,000)] is in excess of ten million
22 dollars (\$10,000,000), but not more than one hundred million
23 dollars (\$100,000,000), the maximum allowable deduction shall be
24 equal to [twenty-five] seven and one-half per cent of the
25 private capital investment utilized in the creation of new or
26 refurbished manufacturing capacity[. A taxpayer may utilize the
27 deduction in an amount not to exceed five per cent of the
28 private capital investment utilized in the creation of new or
29 refurbished manufacturing capacity in any one year of the
30 succeeding ten tax years immediately following the department's

1 satisfaction determination and the execution of a satisfaction
2 commitment letter, up to the maximum allowable deduction.] for a
3 period of five years.

4 (1.3) If the private capital investment exceeds one hundred
5 million dollars (\$100,000,000), the maximum allowable deduction
6 shall be equal to five per cent of the private capital
7 investment utilized in the creation of new or refurbished
8 manufacturing capacity for a period of five years.

9 * * *

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