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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1905 Session of  
2023

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INTRODUCED BY M. BROWN, VENKAT, KAZEEM, MADDEN, HAMM, POWELL,  
SANCHEZ, GAYDOS, SHUSTERMAN, FREEMAN, STEELE, KENYATTA,  
MALAGARI, BOROWSKI, KINSEY, SAPPEY, PARKER, GERGELY AND  
CEPEDA-FREYTIZ, DECEMBER 11, 2023

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REFERRED TO COMMITTEE ON STATE GOVERNMENT, DECEMBER 11, 2023

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AN ACT

1 Providing for small business fee exemption.

2 The General Assembly of the Commonwealth of Pennsylvania  
3 hereby enacts as follows:

4 Section 1. Short title.

5 This act shall be known and may be cited as the Small  
6 Business Fee Exemption Act.

7 Section 2. Definitions.

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

11 "Business fee." A fee required to be paid to the  
12 Commonwealth or a political subdivision for starting or opening  
13 a business within this Commonwealth. The term does not include a  
14 fee for maintaining licensure or other requirement for  
15 continuing to operate a business.

16 "Department." The Department of State of the Commonwealth.

1 "Disadvantaged business." As defined in 62 Pa.C.S. § 2102  
2 (relating to definitions).

3 "Microbusiness." A business that is a sole proprietorship,  
4 partnership or corporation which has five or less employees.

5 "Minority-owned business." As defined in 62 Pa.C.S. § 2201  
6 (relating to definitions).

7 "Service-disabled veteran-owned small business." As defined  
8 in 51 Pa.C.S. § 9601 (relating to definitions).

9 "Small business." A business which is independently owned  
10 and:

11 (1) Employs 100 or fewer employees.

12 (2) Had annual revenues of less than \$10 million in each  
13 of the last three tax years.

14 (3) Is not dominant in its field.

15 "Woman-owned business." As defined in 62 Pa.C.S. § 2201.

16 Section 3. Exemption.

17 (a) Full payment exemption.--In addition to the exemption  
18 provided to a veteran-owned or reservist-owned small business  
19 under 51 Pa.C.S. Ch. 96 Subch. C (relating to business fee  
20 exemption), the following shall be exempt from the payment of a  
21 business fee:

22 (1) A woman-owned small business.

23 (2) A service-disabled veteran-owned small business.

24 (3) A minority-owned small business.

25 (4) A disadvantaged small business.

26 (5) A microbusiness.

27 (b) Partial payment exemption.--A small business other than  
28 a small business eligible for a full exemption under subsection  
29 (a) shall be exempt from the payment of 50% of a business fee.

30 (c) Proof.--A person applying for the exemption under

1 subsection (a) or (b) shall, at the time of filing a business  
2 application, provide the department or licensing authority of a  
3 political subdivision with documentation of the person's  
4 eligibility for the exemption in a form and manner prescribed by  
5 the department.

6 (d) Status.--The department or licensing authority of a  
7 political subdivision, in consultation with other Commonwealth  
8 agencies, may determine an applicant's status as a small  
9 business eligible for an exemption under this section.

10 Section 4. Offenses.

11 The following shall apply:

12 (1) A person who fraudulently obtains a business fee  
13 exemption under section 3 commits a misdemeanor of the third  
14 degree.

15 (2) A person assigning, transferring or attempting to  
16 assign or transfer a business fee exemption or using or  
17 attempting to use a business fee exemption contrary to this  
18 act commits a misdemeanor of the third degree.

19 Section 5. Reporting.

20 The department shall annually determine the total number of  
21 business fee exemptions applied for and issued and the total  
22 dollar amount of the exemptions under this act and submit a  
23 report to the chair and minority chair of the Community,  
24 Economic and Recreational Development Committee of the Senate  
25 and the chair and minority chair of the Commerce Committee of  
26 the House of Representatives. The report may be submitted  
27 electronically.

28 Section 6. Applicability.

29 This act shall apply to business applications for new  
30 businesses filed on or after July 1, 2023.

1 Section 7. Effective date.

2 This act shall take effect in 30 days.