



Senate Finance Committee

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BILL SUMMARY

Legislation: Senate Bill 1460, P.N. 2032
Sponsor: Senator Brubaker
Act Amended: Tax Reform Code of 1971
Topic: Industry Partnership Tax Credit
Date: April 30, 2012

Synopsis:

Senate Bill 1460 amends the Tax Reform Code ("TRC") to add a new article providing an Industry Partnership Tax Credit.

Summary:

The legislation creates the Industry Partnership Tax Credit. Under the legislation, a taxpayer may claim an "industry partnership tax credit" against any "qualified tax liability" in an amount equal to 75% of any cash contribution to an industry partnership.

The legislation defines "qualified tax liability" as the liability for taxes imposed under Article III (Personal Income Tax), Article IV (Corporate Net Income Tax) and Article VI (Capital Stock and Franchise Tax) of the TRC.

The legislation defines "taxpayer" as an entity subject to tax under the above articles including the shareholder of a Pennsylvania S corporation.

The legislation requires a taxpayer to submit an application with the Department of Labor & Industry ("L&I") for a tax credit by September 15.

The legislation directs L&I to notify the taxpayer of the amount of the credit approved by December 15.

The legislation prohibits the grant of a credit for any portion of a cash contribution provided by a taxpayer to satisfy the private sector matching funding requirement under section 1304 of the Workforce Development Act (Act 114 of 2001).

The legislation permits the carry forward of tax credits for 15 years. The legislation prohibits the carry back of tax credits.

The legislation directs L&I, in consultation with the Department of Revenue, to prescribe guidelines for approval of tax credits. The legislation permits L&I to approve credits for contributions that fund any activity of an industry partnership authorized under section 1303(b) of the Workforce Development Act.

The legislation provides that no more than \$7,500,000 shall be awarded in any year. The legislation provides that no taxpayer shall receive more than \$37,500 in tax credits for any taxable year. The legislation provides that the total amount of credits resulting from contributions to certain industry partnerships shall be limited to \$375,000 per industry partnership.

The legislation directs the Secretary of L&I to submit an annual report to the General Assembly by March 15 of each year following a calendar year in which credits are approved.

The legislation prohibits approval of tax credits for taxable years ending after December 31, 2016.

The legislation shall take effect immediately.

Current law:

Act 67 of 2011 codified requirements for Industry Partnerships, including criteria for state funding, in the Workforce Development Act.