

## AMENDMENTS TO SENATE BILL NO. 527

Sponsor: SENATOR HAYWOOD

Printer's No. 500

1 Amend Bill, page 1, lines 1 through 25, by striking out all  
2 of said lines and inserting

3 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An  
4 act relating to tax reform and State taxation by codifying  
5 and enumerating certain subjects of taxation and imposing  
6 taxes thereon; providing procedures for the payment,  
7 collection, administration and enforcement thereof; providing  
8 for tax credits in certain cases; conferring powers and  
9 imposing duties upon the Department of Revenue, certain  
10 employers, fiduciaries, individuals, persons, corporations  
11 and other entities; prescribing crimes, offenses and  
12 penalties," providing for small business minimum wage  
13 increase tax credit.

14 Amend Bill, page 1, lines 28 and 29; pages 2 through 8, lines  
15 1 through 30; page 9, lines 1 through 23; by striking out all of  
16 said lines on said pages and inserting

17 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as  
18 the Tax Reform Code of 1971, is amended by adding an article to  
19 read:

20 ARTICLE XIX-L

21 SMALL BUSINESS MINIMUM WAGE INCREASE TAX CREDIT

22 Section 1901-L. Scope of article.

23 This article relates to the small business minimum wage  
24 increase tax credit.

25 Section 1902-L. Definitions.

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

27 "Employer." As defined in section 3 of the act of January  
28 17, 1968 (P.L.11, No.5), known as The Minimum Wage Act of 1968,  
29 and has 50 or fewer full-time equivalent employees during the  
30 taxable year.

31 "State tax liability." Any of the taxes due under Article  
32 III, IV, VII, VIII, IX or XV. The term shall not include any tax  
33 withheld by an employer from an employee under Article III.

34 "Tax credit." The small business minimum wage increase tax  
35 credit established under section 1903-L.

Section 1903-L. Small business minimum wage increase tax credit.

(a) Credit.--For taxable years beginning after an increase to the minimum wage under section 4 of the act of January 17, 1968 (P.L.11, No.5), known as The Minimum Wage Act of 1968, an employer may claim a tax credit, as calculated in subsection (b), against the employer's State tax liability.

(b) Amount.--The tax credit under subsection (a) shall be determined by calculating the difference between the amount of compensation paid in this Commonwealth to employees who were paid less than the minimum wage in effect in that tax year and the amount of compensation currently paid to those employees. The amount of the tax credit shall be the following percentages:

(1) Fifty percent for the reporting period in the first taxable year after the minimum wage increase under subsection (a).

(2) Twenty-five percent for the reporting period in the second taxable year after the minimum wage increase under subsection (a).

(c) Expiration.--The tax credit under this section shall expire in the third taxable year after the minimum wage increase under subsection (a).

Section 1904-L. Carryover, carryback, refund and assignment of credit.

(a) Carry.--If the amount of the tax credit allowed under this article exceeds the employer's tax liability in the tax year in which the tax credit is approved, the excess tax credit may be carried over to succeeding tax years for a period not to exceed three years to reduce the employer's tax liability during those tax years in accordance with the following:

(1) A tax credit that is carried over to succeeding tax years must be applied first to the earliest tax year possible.

(2) Any credit remaining after three tax years following the initial approval of a tax credit under this article shall not be refunded or credited to the employer.

(b) No carryback or refund.--An employer approved for a tax credit may not carry back or obtain a refund for any portion of an unused tax credit granted to the employer under this article.

(c) Pass-through entity.--If an employer is a pass-through entity and has an unused tax credit under section 1903-L, the employer may elect in writing, according to procedures established by the department, to transfer all or a portion of the credit to shareholders, members or partners in proportion to the share of the entity's distributive income to which the shareholder, member or partner is entitled in accordance with the following:

(1) The same unused tax credit under subsection (b) may not be claimed by:

(i) the pass-through entity; and

(ii) a shareholder, member or patron of the pass-

1           through entity.

2           (2) A shareholder, member or partner of a pass-through  
3           entity to whom a credit is transferred under this subsection  
4           shall immediately claim the credit in the taxable year in  
5           which the transfer is made. The shareholder, member or  
6           partner may not carry forward, carry back, obtain a refund of  
7           or sell or assign the credit.

8   Section 1905-L. Departmental duties.

9           The department shall publish guidelines and may promulgate  
10          regulations necessary for the implementation and administration  
11          of this article.

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