

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

HOUSE BILL

No. 1990 Session of  
2021

---

INTRODUCED BY PISCIOTTANO, SCHLOSSBERG, POLINCHOCK, MALAGARI,  
SANCHEZ, A. DAVIS, STAATS, DELLOSO, McNEILL, HILL-EVANS,  
DEASY, A. BROWN, CIRESI, O'MARA, BROOKS, KULIK AND  
FITZGERALD, OCTOBER 22, 2021

---

REFERRED TO COMMITTEE ON FINANCE, OCTOBER 22, 2021

---

AN ACT

1 Amending Title 35 (Health and Safety) of the Pennsylvania  
2 Consolidated Statutes, providing for property tax relief for  
3 volunteer firefighters.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Title 35 of the Pennsylvania Consolidated  
7 Statutes is amended by adding a chapter to read

8 CHAPTER 79B

9 PROPERTY TAX RELIEF FOR VOLUNTEER FIREFIGHTERS

10 Sec.

11 79B01. Scope of chapter.

12 79B02. Definitions.

13 79B03. Volunteer Firefighter Tax Aid Program.

14 79B04. Qualifications for tax credits.

15 79B05. Award of tax credits.

16 79B06. Temporary increase in maximum tax credits available.

17 79B07. Limitations.

1 79B08. List of tax relief organizations.

2 79B09. Ineligibility after receiving benefits.

3 § 79B01. Scope of chapter.

4 This article provides provides property tax relief for  
5 volunteer firefighters.

6 § 79B02. Definitions.

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

10 "Applicable tax." A tax due under Article III, IV, VII,  
11 VIII, IX, XV or XX of the Tax Reform Code of 1971 or a tax under  
12 Article XVI of the act of May 17, 1921 (P.L.682, No.284), known  
13 as The Insurance Company Law of 1921.

14 "Applicant." An individual who submits an application to the  
15 department for a tax relief payment.

16 "Contribution." A donation of cash, personal property or  
17 services, the value of which is the cost of the donation to the  
18 donor.

19 "Department." The Department of Community and Economic  
20 Development of the Commonwealth.

21 "Fire company." As defined in section 7412 (relating to  
22 definitions).

23 "Fire service." As defined in section 7412.

24 "Internal Revenue Code of 1986." The Internal Revenue Code  
25 of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.).

26 "Pass-through entity." A partnership as defined in section  
27 301(n.0) of the Tax Reform Code of 1971, a single-member limited  
28 liability company treated as a disregarded entity for Federal  
29 income tax purposes or a Pennsylvania S corporation as defined  
30 in section 301(n.1) of the Tax Reform Code of 1971. The term

1 includes a pass-through entity that owns an interest in a pass-  
2 through entity and a qualified Subchapter S trust.

3 "Program." The Volunteer Firefighter Tax Aid Program  
4 established under section 79B03 (relating to Volunteer  
5 Firefighter Tax Aid Program).

6 "Qualified Subchapter S trust." As defined in section  
7 1361(d)(3) of the Internal Revenue Code of 1986.

8 "Recipient." A volunteer firefighter who receives real  
9 property relief from a tax relief payment.

10 "Tax credit." A tax credit under this chapter.

11 "Tax Reform Code of 1971." The act of March 4, 1971 (P.L.6,  
12 No.2), known as the Tax Reform Code of 1971.

13 "Tax relief organization." As follows:

14 (1) A nonprofit entity which:

15 (i) is exempt from Federal taxation under section  
16 501(c)(3) of the Internal Revenue Code of 1986; and

17 (ii) contributes at least 90% of the nonprofit  
18 entity's annual cash receipts to a tax relief program.

19 (2) For the purpose of this definition, a nonprofit  
20 entity contributes the nonprofit entity's annual cash  
21 receipts to a tax relief program when the nonprofit entity  
22 expends or otherwise irrevocably encumbers the funds for  
23 distribution during the then-current fiscal year of the  
24 nonprofit entity or during the next succeeding fiscal year of  
25 the nonprofit entity.

26 (3) The term includes a volunteer firefighter  
27 foundation, nonprofit volunteer fire company, volunteer  
28 firefighters' relief association, public safety authority or  
29 any other organized nonprofit firefighting entity that meets  
30 the criteria specified under paragraph (1).

1 "Tax relief payment." A payment to a local school district,  
2 municipality, county or other tax jurisdiction towards the  
3 property tax bill of a recipient.

4 "Tax relief program." A program, including an application  
5 process and a review process, to provide tax relief payments  
6 for the purpose of making awards on behalf of volunteer  
7 firefighters.

8 "Volunteer firefighter." As defined in section 7412.

9 "Volunteer firefighter company." As defined in section 7802  
10 (relating to definitions).

11 "Volunteer firefighters' relief association." As defined in  
12 section 7412.

13 § 79B03. Volunteer Firefighter Tax Aid Program.

14 (a) Establishment.--The Volunteer Firefighter Tax Aid  
15 Program is established within the department.

16 (b) Qualifications.--In order to qualify for participation  
17 in the program, a tax relief organization shall have the  
18 following duties:

19 (1) Certify to the department that the tax relief  
20 organization is exempt from Federal taxation under section  
21 501(c)(3) of the Internal Revenue Code of 1986.

22 (2) Annually report the following information to the  
23 department by November 1 of each year:

24 (i) The total number of tax relief payments awarded  
25 during the immediately preceding fiscal year to  
26 recipients.

27 (ii) The total and average amount of tax relief  
28 payments awarded during the immediately preceding fiscal  
29 year to recipients.

30 (iii) The total number and total amount of tax

1 relief payments awarded during the immediately preceding  
2 fiscal year to recipients in each county in which the tax  
3 relief organization awarded tax relief payments.

4 (iv) The total number of tax relief payment  
5 applications processed and the amount of application fees  
6 charged, either per tax relief payment application or in  
7 the aggregate through a third-party processor.

8 (v) The tax relief organization's Federal Form 990  
9 or other Federal form indicating the tax status of the  
10 tax relief organization for Federal tax purposes, if any,  
11 and a copy of a compilation, review or audit of the tax  
12 relief organization's financial statements conducted by a  
13 certified public accounting firm.

14 (vi) The amount of funds in accounts held by the tax  
15 relief organization that has not been spent on tax relief  
16 payments and the amount of funds held in accounts as a  
17 ratio of the total funds or contributions raised in the  
18 fiscal year.

19 (c) Submission.--A tax relief organization shall submit the  
20 report under subsection (b) (2) on a form specified by the  
21 department. No later than September 1 of each year, the  
22 department shall annually distribute sample forms, including the  
23 forms on which the reports under subsection (b) (2) are required  
24 to be made, to each tax relief organization listed under  
25 subsection (f).

26 (d) Relief organizations and authorities.--A volunteer  
27 firefighters' relief organization or public safety authority  
28 that operates a tax relief organization for the purpose of this  
29 chapter shall deposit contributions in a separate account from  
30 other tax relief payment funds. The volunteer firefighters'

1 relief organization or public safety authority shall submit the  
2 report under subsection (b) (2) to the department in a manner  
3 separate from any other report on firefighter or public safety  
4 authority activities.

5 (e) Notice.--No later than 60 days after a tax relief  
6 organization completes the certification and submits the report  
7 under subsection (b), the department shall notify the tax relief  
8 organization whether the tax relief organization is qualified to  
9 participate in the program.

10 (f) Publication.--The department shall annually submit a  
11 list of each tax relief organization qualified to participate in  
12 the program to the Legislative Reference Bureau for publication  
13 in the Pennsylvania Bulletin. The department shall post and  
14 update the list under this subsection as necessary on the  
15 department's publicly accessible Internet website.

16 § 79B04. Qualifications for tax credits.

17 (a) Applications.--A business firm may apply to the  
18 department for a tax credit under this chapter for a  
19 contribution to a tax relief organization on the list under  
20 section 79B03(f) (relating to Volunteer Firefighter Tax Aid  
21 Program).

22 (b) Availability.--The department shall make tax credits  
23 available under this section on a first-come, first-served basis  
24 in accordance with limitations specified under this chapter.

25 (c) Contributions.--In order to qualify for a tax credit  
26 under this chapter, a business firm shall make a contribution to  
27 a tax relief organization no later than 60 days after the  
28 department approves the business firm's application under  
29 subsection (a). If the business firm does not make a minimum of  
30 50% of the full amount of the approved contribution and has not

1 notified the department of the amount of unused contributions  
2 within 14 days after the department approves the business firm's  
3 application under subsection (a), the department may not approve  
4 the business firm's application in the immediately succeeding  
5 fiscal year for more than 150% of the actual amount contributed  
6 in the previous fiscal year.

7 § 79B05. Award of tax credits.

8 (a) Business firms.--In accordance with section 79B04  
9 (relating to qualification for tax credits), the Department of  
10 Revenue shall award a tax credit against any applicable tax to a  
11 business firm that provides proof of a contribution to a tax  
12 relief organization on the list under section 79B03(f) (relating  
13 to Volunteer Firefighter Tax Aid Program) in the taxable year in  
14 which the contribution is made. The department shall award the  
15 tax credit in accordance with the following:

16 (1) Except as provided in paragraph (2), the tax credit  
17 shall not exceed 75% of the total amount contributed during  
18 the taxable year by the business firm.

19 (2) If the business firm provides a written commitment  
20 to provide the tax relief organization with the same amount  
21 of contribution for two consecutive tax years, the Department  
22 of Revenue shall grant a tax credit of up to 90% of the total  
23 amount contributed during the taxable year. The business firm  
24 shall provide the written commitment under this paragraph to  
25 the department at the time of application under section  
26 79B04(a).

27 (3) Except as provided under section 79B06 (relating to  
28 temporary increase in maximum tax credits available), for  
29 fiscal year 2021-2022 and each fiscal year thereafter, the  
30 tax credit shall not exceed \$750,000 annually per business

1 firm.

2 (b) Pass-through entities.--

3 (1) If a pass-through entity does not intend to use all  
4 of approved tax credits, the pass-through entity may elect in  
5 writing to distribute for no consideration all or a portion  
6 of the tax credit to a shareholder, member or partner in  
7 proportion to the percentage interest of the shareholder,  
8 member or partner in the distribution from the pass-through  
9 entity. A shareholder, member or partner may use the tax  
10 credit in the taxable year in which the contribution is made  
11 or in the taxable year immediately after the year in which  
12 the contribution is made. An election under this paragraph  
13 shall designate the year in which the distributed tax credits  
14 are to be used and shall be made according to procedures  
15 established by the Department of Revenue. A pass-through  
16 entity that received a distribution of tax credits from a  
17 pass-through entity under this paragraph may distribute the  
18 tax credits in accordance with this paragraph.

19 (2) A pass-through entity and a shareholder, member or  
20 partner of a pass-through entity shall not claim a tax credit  
21 for the same contribution.

22 (3) A shareholder, member or partner of a pass-through  
23 entity may not carry forward, carry back, obtain a refund of,  
24 sell or assign a tax credit.

25 (4) A shareholder, partner or member of a pass-through  
26 entity may apply a tax credit against income taxable under  
27 Article III of the Tax Reform Code of 1971 for the  
28 shareholder, partner or member, the spouse of the  
29 shareholder, partner or member or both the shareholder,  
30 partner or member and the spouse if filing a joint personal



1 income tax return.

2 (c) Restriction.--No tax credits shall be applied against  
3 any tax withheld by an employer from an employee under Article  
4 III of the Tax Reform Code of 1971.

5 (d) Deadline for applications.--

6 (1) Except as provided in paragraph (2), the department  
7 may accept applications under section 79B04(a) for tax  
8 credits available during a fiscal year no earlier than July 1  
9 of each fiscal year.

10 (2) The application of a business firm under section  
11 79B04(a) for a tax credit available during a fiscal year as  
12 part of the second year of a two-year commitment under  
13 subsection (a)(2), or as a renewal of a two-year commitment  
14 under subsection (a)(2) that was fulfilled in the previous  
15 fiscal year, may be accepted by the department no earlier  
16 than May 15 preceding the fiscal year. In order to be  
17 eligible for the early application date under this paragraph,  
18 the business firm's contribution in the second year of a two-  
19 year commitment or a renewal of a two-year commitment shall  
20 be made to the same tax relief organization.

21 (3) The application for a tax credit submitted on July 1  
22 under paragraph (1) for a two-year commitment by a business  
23 firm that applied for and was denied a tax credit in the  
24 prior fiscal year and had been approved for a tax credit in a  
25 prior fiscal year shall be considered before an application  
26 from a business firm that does not meet the criteria  
27 specified under this paragraph. A business firm seeking a  
28 preference under this paragraph shall provide proof of  
29 approval of a tax credit in a prior fiscal year in the  
30 business firm's application under paragraph (1).

1 (e) Notice.--Unless otherwise requested by a business firm  
2 and agreed to by the business firm and the department and unless  
3 all authorized tax credits have already been awarded, the  
4 following shall apply:

5 (1) For fiscal year 2021-2022 and each fiscal year  
6 thereafter, the department shall provide written notice of  
7 the department's approval or disapproval of a completed  
8 application under section 79B04(a) to the business firm by  
9 August 15, or 30 days after receipt of the completed  
10 application, whichever is later.

11 (2) For fiscal year 2021-2022 and each fiscal year  
12 thereafter, the department shall provide written notice of  
13 the department's approval or disapproval of a completed  
14 application under section 79B04(a) to the business firm  
15 within 30 days after receipt of the completed application.

16 (3) If the department fails to provide the written  
17 notice under paragraph (1) or (2) within 10 days after the  
18 deadline specified under paragraph (1) or (2), the affected  
19 business firm may bring an action for injunction or other  
20 appropriate relief in Commonwealth Court.

21 (f) Waiting list.--The department shall maintain a waiting  
22 list consisting of each business firm that elects to be on the  
23 list and has a pending application under section 79B04(a) that  
24 has not been approved under subsection (e) due to a lack of  
25 available tax credits. The department shall, by written notice,  
26 offer a business firm that has not been issued a tax credit due  
27 to a lack of available tax credits a place on the waiting list.  
28 When tax credits become available, the department shall award  
29 the tax credits to a business firm in the order in which the  
30 business firm is placed on the waiting list.

1 § 79B06. Temporary increase in maximum tax credits available.

2 (a) Increase.--If all tax credits authorized for  
3 contributions to tax relief organizations have not been awarded  
4 as of October 1 of a fiscal year, the limitation on tax credits  
5 specified under section 79B07 (relating to limitations) shall  
6 not apply for applications under section 79B04(a) (relating to  
7 qualifications for tax credits) received by the department from  
8 October 1 through November 30 of the fiscal year. The department  
9 may accept applications under section 79B04(a) from October 1  
10 through November 30 from a business firm, including a business  
11 firm that already applied for the maximum tax credits under  
12 section 79B05(a) (1) (relating to award of tax credits).

13 (b) Award.--

14 (1) Before the award of tax credits under subsection  
15 (a), the department shall first award tax credits applied for  
16 by a business firm during the period beginning October 1 and  
17 ending November 30 in an amount no greater than the maximum  
18 amount of tax credits for which a business firm is eligible  
19 under section 79B05(a) (1). The tax credits shall be awarded  
20 on a first-come, first-served basis as specified under  
21 79B04(b).

22 (2) After the department has awarded tax credits under  
23 paragraph (1), the department shall award any remaining tax  
24 based on the total amount of tax credits for which  
25 applications are received under subsection (a) during the  
26 period beginning October 1 and ending November 30 of the  
27 fiscal year.

28 (i) If the total amount of tax credits applied for  
29 by all business firms under subsection (a) does not  
30 exceed the total amount of tax credits that remain

1 available as of October 1, less the tax credits awarded  
2 under paragraph (1), the department shall award a  
3 business firm the full amount of tax credits applied for  
4 in the business firm's application under this subsection.

5 (ii) If the total amount of tax credits applied for  
6 by all business firms subsection (a) exceeds the total  
7 amount of tax credits that remain available for award as  
8 of October 1, less the tax credits awarded under  
9 paragraph (1), the department shall award a business firm  
10 the amount of tax credits determined by multiplying the  
11 amount of tax credits applied for by the business firm by  
12 a ratio, the numerator of which is the total amount of  
13 tax credits that remain available for award as of October  
14 1, less the tax credits awarded under paragraph (1), and  
15 the denominator of which is the total amount of tax  
16 credits applied for by all business firms under this  
17 subsection.

18 (c) Maximum amount.--Notwithstanding subsection (a), the  
19 maximum amount of tax credits for which a business firm is  
20 eligible under section 79B05(a)(1) shall apply to an application  
21 approved by the department on or after December 1 of a fiscal  
22 year.

23 (d) Applicability.--Subsection (a) shall not apply to an  
24 application for a tax credit made under section 79B05(a)(2). A  
25 tax credit awarded under subsection (a) shall not exceed 75% of  
26 the total amount contributed during the taxable year by a  
27 business firm.

28 § 79B07. Limitations.

29 (a) Amount.--The total aggregate amount of all tax credits  
30 awarded by the department for contributions from business firms

1 to tax relief organizations shall not exceed \$10,000,000 in a  
2 fiscal year.

3 (b) Activities.--The department may not award a tax credit  
4 for activities that are a part of a business firm's normal  
5 course of business.

6 (c) Tax liability.--

7 (1) Except as provided under paragraph (2), the  
8 department may not award a tax credit to a business firm for  
9 any one taxable year that exceeds the tax liability of the  
10 business firm.

11 (2) In the case of a pass-through entity that elects to  
12 distribute a tax credit to a shareholder, member or partner  
13 under section 79B05(b) (relating to award of tax credits),  
14 the tax credit awarded and distributed for any one taxable  
15 year may not exceed the tax liability of the shareholder,  
16 member or partner.

17 (d) Carry forward.--A tax credit not used by the applicant  
18 in the taxable year the contribution was made or in the year  
19 designated by a shareholder, member or partner under section  
20 79B05(b) may not be carried forward or carried back and is not  
21 refundable or transferable.

22 (e) Nontaxable income.--A tax relief payment shall not be  
23 considered to be taxable income for the purposes of Article III  
24 of the Tax Reform Code of 1971.

25 (f) Appropriation.--A tax relief payment shall not  
26 constitute an appropriation to a local school district,  
27 municipality, county or other tax jurisdiction of the recipient.  
28 § 79B08. List of tax relief organizations.

29 The Department of Revenue shall provide a list of all tax  
30 relief organizations receiving contributions from business firms

1 that received tax credits to the General Assembly by June 30 of  
2 each year.

3 § 79B09. Ineligibility after receiving benefits.

4 If a recipient is no longer associated with a volunteer  
5 firefighting company, the volunteer fire company shall provide  
6 written notice to a tax relief organization that the recipient  
7 no longer qualifies for a tax relief payment. Upon receipt of  
8 the notice under this section, the tax relief organization shall  
9 discontinue a tax relief payment on behalf of the recipient.

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