
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 37 Session of
2015

INTRODUCED BY WILLIAMS, TEPLITZ, BREWSTER, FONTANA, STACK,
BLAKE, SCHWANK, COSTA, BOSCOLA, HUGHES, TARTAGLIONE, SMITH,
FARNESE AND RAFFERTY, JANUARY 14, 2015

REFERRED TO FINANCE, JANUARY 14, 2015

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," providing for a tax credit for new jobs for
11 unemployed veterans.

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

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

17 ARTICLE XVIII-G

18 TAX CREDIT FOR NEW JOBS FOR UNEMPLOYED VETERANS

19 Section 1801-G. Definitions.

20 The following words and phrases when used in this article
21 shall have the meanings given to them in this section unless the
22 context clearly indicates otherwise:

1 "Department." The Department of Community and Economic
2 Development of the Commonwealth.

3 "Disabled veteran." Any of the following:

4 (1) An unemployed veteran who is entitled to
5 compensation or who, except for the receipt of military
6 retired pay, would be entitled to compensation, under laws
7 administered by the Secretary of Veterans Affairs.

8 (2) An unemployed person who was discharged or released
9 from active duty because of a service-connected disability.

10 "Full-time employment." Employment in which an individual is
11 employed by a recipient corporation for at least 35 hours per
12 week.

13 "Long term." A period of at least six months.

14 "New job." A full-time job, the average hourly rate,
15 excluding benefits, for which must be at least 150% of the
16 Federal minimum wage, created within a municipality located in
17 this Commonwealth by a company.

18 "Short term." A period of less than six months.

19 "Start date." January 1, 2015.

20 "Tax credit." A tax credit applied for or granted under this
21 article.

22 "Unemployed person." An individual who has not held any type
23 of full-time employment prior to being hired by a company
24 seeking a tax credit under this article.

25 "Unemployed veteran." An individual that meets all of the
26 following:

27 (1) Has performed active service in the armed forces of
28 the United States, including the reserve components and the
29 National Guard, who was discharged from the active service
30 under honorable conditions.

1 (2) Has not held any type of full-time employment prior
2 to being hired by a company seeking a tax credit under this
3 article.

4 Section 1802-G. Application.

5 (a) Application to department.--A company may submit an
6 application for a tax credit under this article in a manner
7 required by the department.

8 (b) Procedure.--The application shall be attached to the
9 company's annual tax return required to be filed under this act.

10 Section 1803-G. Tax credits.

11 (a) Amount.--A company may claim the following tax credits
12 per new job created:

13 (1) A \$1,200 tax credit for each short-term unemployed
14 veteran hired.

15 (2) A \$2,400 tax credit for each long-term unemployed
16 veteran hired.

17 (3) A \$2,400 tax credit for each disabled veteran hired.

18 (b) Maximum amount.--A company may combine tax credits under
19 subsection (a) for each unemployed veteran hired but not to
20 exceed \$4,800.

21 (c) Determination of new jobs created.--New jobs shall be
22 deemed created to the extent that the company's average
23 employment by quarter during the year in which an unemployed
24 veteran is hired exceeds the company's average employment level
25 by quarter during the previous year.

26 (d) Applicable taxes.--A company may apply the tax credit to
27 100% of the company's State corporate net income tax, capital
28 stock and franchise tax or the capital stock and franchise tax
29 of a shareholder of the company, if the company is a
30 Pennsylvania S corporation, gross premiums tax, gross receipts

1 tax, bank and trust company shares tax, mutual thrift
2 institution tax, title insurance company shares tax, personal
3 income tax or the personal income tax of shareholders of a
4 Pennsylvania S corporation or any combination thereof.

5 (e) Availability of tax credits.--

6 (1) Each fiscal year, \$1,200,000 in tax credits shall be
7 made available to the department and may be awarded by the
8 department in accordance with this article.

9 (2) In addition to the tax credits under paragraph (1),
10 in any fiscal year, the department may reissue or assign
11 prior fiscal year tax credits which have been recaptured
12 under section 1805-G(a) and may award prior fiscal year
13 credits not previously issued.

14 Section 1804-G. Prohibitions.

15 The following actions with regard to job creation tax credits
16 are prohibited:

17 (1) Approval of jobs that have been created prior to the
18 start date.

19 (2) Approval for tax credits for a company which is
20 relocating operations from one municipality in this
21 Commonwealth to another unless special circumstances exist
22 and the municipality that is losing the existing jobs has an
23 opportunity to submit comments prior to action by the
24 department. If the department approves the tax credits, the
25 company must commit to preserving the existing employees, and
26 the credit shall apply only to the new jobs.

27 (3) The assignment, transfer or use of credits by any
28 other company, except that tax credits may be assigned in
29 whole or in part to an affiliated entity. As used in this
30 paragraph, the term "affiliated entity" means an entity which

1 is part of the same "affiliated group," as defined by section
2 1504(a)(1) of the Internal Revenue Code of 1986 (Public Law
3 99-514, 26 U.S.C. § 1504(a)(1)), as the company awarded the
4 credit.

5 Section 1805-G. Penalties.

6 (a) Failure to maintain operations.--A company which
7 receives tax credits and fails to substantially maintain
8 existing operations and the operations related to the tax
9 credits in this Commonwealth for a period of five years from the
10 date the company first receives a tax credit shall be required
11 to refund to the Commonwealth the total amount of credits
12 granted.

13 (b) Waiver.--The department may waive the penalties outlined
14 in subsection (a) if it is determined that a company's
15 operations were not maintained or the new jobs were not created
16 because of circumstances beyond the company's control. Such
17 circumstances include natural disasters, unforeseen industry
18 trends or a loss of a major supplier or market.

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