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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 823 Session of  
2023

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INTRODUCED BY BOSCOLA, FONTANA, HAYWOOD, KANE, TARTAGLIONE,  
STREET, COSTA, COMMITTA, ROBINSON AND SANTARSIERO,  
JUNE 23, 2023

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REFERRED TO FINANCE, JUNE 23, 2023

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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 work-based learning tax credit.

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

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

16 ARTICLE XVII-M

17 WORK-BASED LEARNING TAX CREDIT

18 Section 1701-M. Scope of article.

19 This article relates to work-based learning tax credits.

20 Section 1702-M. Purpose.

21 The purpose of this article is to provide a tax credit to

1 businesses that participate in a work-based learning program  
2 that combines a school district's ability to provide students  
3 with out-of-school programs and part-time employment with a  
4 school district's ability to enter concurrent enrollment  
5 agreements with a postsecondary institution for courses  
6 necessary for certain licenses and certifications.

7 Section 1703-M. Definitions.

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

11 "Concurrent enrollment." The enrollment of a student in a  
12 course that is included in a school district's concurrent  
13 enrollment program under a concurrent enrollment agreement with  
14 a postsecondary institution.

15 "Concurrent enrollment agreement." A written agreement  
16 established under Article XVI-B of the act of March 10, 1949  
17 (P.L.30, No.14), known as the Public School Code of 1949,  
18 between a school district and each postsecondary institution  
19 detailing a concurrent enrollment program administered and  
20 developed by the school district and the institution that allows  
21 students to concurrently enroll in postsecondary courses and to  
22 receive both secondary and postsecondary credit for that  
23 coursework.

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

25 "Eligible business program." A program established by a  
26 taxpayer that:

27 (1) is offered at a worksite that has been approved by a  
28 school district;

29 (2) has a certified employee that supervises and  
30 provides training to a student participant in the student's

1 chosen field of study;

2 (3) is arranged with a school district as an integral  
3 part of a school district's curricula as an out-of-school  
4 work-based program;

5 (4) provides student participants with training in a  
6 chosen field of study that includes, at a minimum,  
7 performance of technical components of a job that are job-  
8 specific and provides an in-depth understanding of the tools,  
9 processes and procedures used by individuals employed in that  
10 occupation, not including soft skills; and

11 (5) provides a taxpayer with an opportunity to  
12 participate in a tax credit program and to partner with  
13 schools to help shape the future of the business community so  
14 that graduates can enter the work force with the confidence  
15 and skills necessary to perform their work at a high level.

16 "Out-of-school work-based program." A program through a  
17 school district that qualifies as an out-of-school program and  
18 part-time employment regulated under 22 Pa. Code § 11.28  
19 (relating to out-of-school programs and part-time employment).

20 "Pass-through entity." Any of the following:

21 (1) A partnership, limited partnership, limited  
22 liability company, business trust or other unincorporated  
23 entity that for Federal income tax purposes is taxable as a  
24 partnership.

25 (2) A Pennsylvania S corporation.

26 "Postsecondary institution." The term includes any of the  
27 following:

28 (1) A community college operating under Article XIX-A of  
29 the Public School Code of 1949.

30 (2) A public postsecondary vocational education

1 institution located in this Commonwealth accredited by the  
2 State Board of Vocational Education as established under  
3 Article XVIII of the Public School Code of 1949.

4 (3) An accredited postsecondary business, career and  
5 technical institute, trade or vocational school located in  
6 this Commonwealth with courses necessary for obtaining  
7 licensure, industry skill certification or a Pennsylvania  
8 skills certificate in the student participant's chosen field  
9 of study.

10 "Qualified tax liability." The liability for taxes imposed  
11 under Article III, IV or VI. The term includes the liability for  
12 taxes imposed under Article III on an owner of a pass-through  
13 entity.

14 "Secretary." The Secretary of Revenue of the Commonwealth.

15 "Small business." An employer who employs 50 or fewer  
16 individuals.

17 "Soft skills." The workplace interpersonal and professional  
18 skills that are necessary for an employee to adhere to generally  
19 accepted workplace behaviors. The term includes work ethic,  
20 promptness, integrity and respect for others.

21 "Student participant." An individual who is:

22 (1) enrolled in grade 12 and in good standing at a high  
23 school located in this Commonwealth;

24 (2) enrolled in a postsecondary institution through the  
25 school district's articulation agreement with the institution  
26 for concurrent enrollment under Article XVI-B of the Public  
27 School Code of 1949 or dual enrollment or other strategies  
28 that promote acquisition of postsecondary credit while still  
29 in high school to earn credits in a course necessary for  
30 obtainment of licensure or industry skill certification or

1 Pennsylvania Skills Certificate in the individual's chosen  
2 field of study;

3 (3) engaged and supervised by a qualified taxpayer of  
4 the community in an out-of-school work-based program in a  
5 position that provides training and experience to the  
6 individual in the chosen field of study; and

7 (4) receives reimbursement from the taxpayer for the  
8 amount the individual paid to the postsecondary institution  
9 for courses successfully completed by the individual at the  
10 institution in the student's chosen field of study pursuant  
11 to the concurrent enrollment agreement that the institution  
12 has with the school district.

13 "Tax credit." The work-based learning tax credit authorized  
14 under this article.

15 "Taxpayer." A business subject to tax under Article III, IV  
16 or VI. The term shall include the shareholder, owner or member  
17 of a pass-through entity that receives a tax credit.

18 Section 1704-M. Employer credit for student participant in  
19 eligible business program.

20 (a) Application.--A taxpayer who partners with a school  
21 district to provide a student participant an opportunity to  
22 participate in an eligible business program established by the  
23 taxpayer in a taxable year may apply for a tax credit as  
24 provided under this article. By September 15 of each year, a  
25 taxpayer must submit an application for the tax credit to the  
26 department, which shall include the following certifications by  
27 the taxpayer:

28 (1) the student participant was provided the  
29 opportunity, engaged in and was supervised in this  
30 Commonwealth in a position in an eligible business program

1 established by the taxpayer that provides training and  
2 experience to the individual in the chosen field of study;

3 (2) the student participant was supervised in the  
4 taxpayer's eligible business program for a term that lasted  
5 at least 12 weeks and includes a minimum of 14 hours of  
6 service per week;

7 (3) the total hours and weeks worked by the student  
8 participant under the eligible business program for the  
9 taxable year;

10 (4) the amount the taxpayer reimbursed the student  
11 participant for charges by the postsecondary institution  
12 pursuant to the taxpayer's concurrent enrollment agreement  
13 with the school district for courses that were successfully  
14 completed by the student participant in the student's chosen  
15 field of study; and

16 (5) the total compensation paid to the student  
17 participant for the taxable year, if any additional  
18 compensation was paid by the taxpayer to the student  
19 participant above the payment of the related coursework taken  
20 at the postsecondary institution.

21 (b) Amount.--A taxpayer that is qualified under subsection  
22 (a) shall receive a tax credit for the taxable year in the  
23 amount of 50% of the value of the salaries, wages, tuition  
24 reimbursement or other remuneration, including the payment of  
25 the related coursework to the postsecondary institution, for  
26 services paid to a student participant, or \$1,000, whichever is  
27 less.

28 (c) Notification.--By December 15 of the calendar year  
29 following the close of the taxable year during which the  
30 taxpayer reimbursed the student participant for courses taken at

1 the postsecondary institution or paid the student participant a  
2 salary or wage for hours engaged in the eligible business  
3 program in addition to the reimbursement, if any, the department  
4 shall notify the taxpayer of the amount of the taxpayer's tax  
5 credit approved by the department.

6 Section 1705-M. Carryover, carryback, refund and assignment of  
7 credit.

8 (a) Carryover.--If the taxpayer cannot use the entire amount  
9 of the tax credit for the taxable year in which the tax credit  
10 is first approved, the excess may be carried over to succeeding  
11 taxable years and used as a credit against the qualified tax  
12 liability of the taxpayer for those taxable years. Each time  
13 that the tax credit is carried over to a succeeding taxable  
14 year, it shall be reduced by the amount that was used as a  
15 credit during the immediately preceding taxable year. The tax  
16 credit may be carried over and applied to succeeding taxable  
17 years for no more than 15 taxable years following the first  
18 taxable year for which the taxpayer was entitled to claim the  
19 credit.

20 (b) Application.--A tax credit approved by the department  
21 for partnering with a school district to provide a student  
22 participant an opportunity to participate in an eligible  
23 business program established by the taxpayer in a taxable year  
24 first shall be applied against the taxpayer's qualified tax  
25 liability for the current taxable year as of the date on which  
26 the credit was approved before the tax credit is applied against  
27 any tax liability under subsection (a).

28 (c) Unused credit.--A taxpayer shall not be entitled to  
29 assign, carry back or obtain a refund of an unused tax credit.

30 Section 1706-M. Limitation on credits.

1 (a) Total amount.--The total amount of tax credits approved  
2 by the department shall not exceed \$10,000,000 in any fiscal  
3 year, except that the sum of \$2,500,000 shall be used  
4 exclusively for credits for small business.

5 (b) Proration among applicants.--If the total amount of tax  
6 credits applied for by all taxpayers exceeds the amount  
7 allocated for those credits, the tax credit to be received by  
8 each applicant shall be prorated by the department among all  
9 applicants who have qualified for the credit.

10 Section 1707-M. Shareholder, owner or member pass-through  
11 entity.

12 (a) Shareholder credit.--If a Pennsylvania S corporation  
13 does not have an eligible tax liability against which the tax  
14 credit may be applied, a shareholder of the Pennsylvania S  
15 corporation is entitled to a tax credit equal to the tax credit  
16 determined for the Pennsylvania S corporation for the taxable  
17 year multiplied by the percentage of the Pennsylvania S  
18 corporation's distributive income to which the shareholder is  
19 entitled.

20 (b) Pass-through entity credit.--If a pass-through entity  
21 other than a Pennsylvania S corporation does not have an  
22 eligible tax liability against which the tax credit may be  
23 applied, an owner or member of the pass-through entity is  
24 entitled to a tax credit equal to the tax credit determined for  
25 the pass-through entity for the taxable year multiplied by the  
26 percentage of the pass-through entity's distributive income to  
27 which the owner or member is entitled.

28 (c) Credit cumulation.--The credit provided under subsection  
29 (a) or (b) shall be in addition to any tax credit to which a  
30 shareholder, owner or member of a pass-through entity is



1 otherwise entitled under this article, except that a pass-  
2 through entity and a shareholder, owner or member of a pass-  
3 through entity may not claim a credit under this article for the  
4 same expense.

5 Section 1708-M. Report to General Assembly.

6 The secretary shall submit an annual report to the General  
7 Assembly indicating the effectiveness of the credit provided  
8 under this article no later than March 15 following the year in  
9 which the credits were approved. The report shall include the  
10 names of all taxpayers utilizing the credit as of the date of  
11 the report and the amount of credits approved and utilized by  
12 each taxpayer. Notwithstanding any law providing for the  
13 confidentiality of tax records, the information contained in the  
14 report shall be public information. The report may include any  
15 recommendations for changes in the calculation or administration  
16 of the credit.

17 Section 1709-M. Regulations.

18 The secretary shall promulgate regulations necessary for the  
19 implementation and administration of this article.

20 Section 2. The addition of Article XVII-M of the act shall  
21 apply to taxable years beginning after December 31, 2023.

22 Section 3. This act shall take effect in 60 days.