

AMENDMENTS TO HOUSE BILL NO. 1219

Sponsor: REPRESENTATIVE HARRIS

Printer's No. 2076

1 Amend Bill, page 1, lines 1 through 12, 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," in personal income tax, further providing for
13 classes of income and for special tax provisions for poverty
14 and providing for alternative special tax provisions for
15 poverty; in corporate net income tax, further providing for
16 definitions, for imposition of tax, for reports and payment
17 of tax, for consolidated reports and for manufacturing
18 innovation and reinvestment deduction; in realty transfer
19 tax, further providing for transfer of tax; in tax credit and
20 tax benefit administration, further providing for
21 definitions; in entertainment production tax credit, further
22 providing for definitions, for credit for qualified film
23 production expenses, for carryover, carryback and assignment
24 of credit and for limitations; in Pennsylvania Economic
25 Development for a Growing Economy (PA EDGE) tax credits,
26 providing for biotechnology; in neighborhood assistance tax
27 credit, further providing for tax credit and for grant of tax
28 credit; providing for expanded neighborhood improvement
29 zones; in Pennsylvania Child and Dependent Care Enhancement
30 Tax Credit Program, further providing for credit for child
31 and dependent care employment-related expenses; providing for
32 Public Transportation Trust Fund; and, in general provisions,
33 further providing for underpayment of estimated tax, for
34 method of filing and for allocation of tax credits.

35 Amend Bill, page 1, lines 15 through 22; pages 2 through 10,
36 lines 1 through 30; page 11, lines 1 through 10; by striking out

1 all of said lines on said pages and inserting

2 Section 1. Sections 303(a.7)(2)(i) and 304(d) of the act of
3 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
4 1971, are amended by adding clauses to read:

5 Section 303. Classes of Income.--* * *

6 (a.7) The following apply:

7 * * *

8 (2) (i) The following shall not be subject to tax under
9 this article:

10 * * *

11 (E) Amounts paid or incurred by an employer of an employee
12 for dependent care assistance provided to the employee that are
13 excludable under section 129 of the Internal Revenue Code of
14 1986, as amended.

15 * * *

16 Section 304. Special Tax Provisions for Poverty.--* * *

17 (d) Any claim for special tax provisions hereunder shall be
18 determined in accordance with the following:

19 * * *

20 (4) The poverty income amounts under clause (1) shall be
21 increased by an annual cost-of-living adjustment calculated by
22 applying the percentage change in the Consumer Price Index for
23 All Urban Consumers (CPI-U) for the Pennsylvania, New Jersey,
24 Delaware and Maryland area, for the most recent twelve-month
25 period for which figures have been officially reported by the
26 United States Department of Labor, Bureau of Labor Statistics
27 immediately prior to the date the adjustment is due to take
28 effect, to the then current poverty income amounts. The
29 department shall determine the percentage increase and the new
30 poverty income amounts prior to the annual effective date of the
31 adjustment and shall transmit notice to the Legislative
32 Reference Bureau for publication in the Pennsylvania Bulletin
33 within ten days of the date the determination is made. The
34 poverty income amounts may not be decreased as a result of a
35 negative percentage change in the CPI-U for the Pennsylvania,
36 New Jersey, Delaware and Maryland area.

37 Section 1.1. The act is amended by adding a section to read:

38 Section 304.3. Alternative Special Tax Provisions for
39 Poverty.--(a) A claimant who has a dependent shall be entitled
40 to a refund or forgiveness of money that has been paid over to,
41 or would except for the provisions of this section be payable
42 to, the Commonwealth under the provisions of this article for
43 taxable years beginning after December 31, 2023, in the amount
44 by which twenty-five per cent of the earned income credit
45 allowable under 26 U.S.C. § 32 (relating to earned income)
46 exceeds the tax imposed under this article for the taxable year.

47 (b) A claimant who is eligible for the special tax
48 provisions for poverty under section 304 may claim a refund or
49 forgiveness under subsection (a) in lieu of utilizing the

1 special tax provisions for poverty.

2 (c) For a claimant or claimant's spouse who files separate
3 Federal tax returns, the credit authorized under subsection (a)
4 may only be used by the spouse with the greater tax otherwise
5 due, computed without regard to the credit.

6 Section 2. Section 401(3)1(a), (b) and (t) and 4(c)(1) and
7 (2) and (5) of the act are amended, (3)2(a)(9)(A) is amended by
8 adding a unit, (3)1 and (3)4 are amended by adding phrases and
9 the section is amended by adding clauses to read:

10 Section 401. Definitions.--The following words, terms, and
11 phrases, when used in this article, shall have the meaning
12 ascribed to them in this section, except where the context
13 clearly indicates a different meaning:

14 * * *

15 (3) "Taxable income." 1. (a) In case the entire business
16 of the corporation is transacted within this Commonwealth, for
17 any taxable year which begins on or after January 1, 1971,
18 taxable income for the calendar year or fiscal year as returned
19 to and ascertained by the Federal Government before special
20 deductions provided for in 26 U.S.C. Ch. 1 Subch. B Pt. VIII
21 (relating to special deductions for corporations), not including
22 the deductions provided for in 26 U.S.C. § 243 (relating to
23 dividends received by corporations), or in the case of a
24 corporation participating in the filing of consolidated returns
25 to the Federal Government or that is not required to file a
26 return with the Federal Government, the taxable income which
27 would have been returned to and ascertained by the Federal
28 Government before special deductions provided for in 26 U.S.C.
29 Ch. 1 Subch. B Pt. VIII, not including the deductions provided
30 for in 26 U.S.C. § 243, if separate returns had been made to the
31 Federal Government for the current and prior taxable years,
32 subject, however, to any correction thereof, for fraud, evasion,
33 or error as finally ascertained by the Federal Government.

34 (b) Additional deductions shall be allowed from taxable
35 income on account of any dividends received from any other
36 corporation but only to the extent that such dividends are
37 included in taxable income as returned to and ascertained by the
38 Federal Government. For tax years beginning on or after January
39 1, 1991, additional deductions shall only be allowed for amounts
40 included, under [section 78 of the Internal Revenue Code of 1986
41 (Public Law 99-514, 26 U.S.C. § 78)] 26 U.S.C. § 78 (relating to
42 gross up for deemed paid foreign tax credit), in taxable income
43 returned to and ascertained by the Federal Government and for
44 the amount of any dividends received from a foreign corporation
45 included in taxable income to the extent such dividends would be
46 deductible in arriving at Federal taxable income if received
47 from a domestic corporation. For taxable years beginning after
48 December 31, 2024, the additional deduction with respect to
49 dividends shall not be allowed for dividends between members of
50 a unitary group.

51 * * *

1 (b.2) An additional deduction shall be allowed from the
2 taxable income of a medical marijuana organization, as defined
3 by the act of April 17, 2016 (P.L.84, No.16), known as the
4 "Medical Marijuana Act," in the amount of the ordinary and
5 necessary expenses paid or incurred during the taxable year by
6 the medical marijuana organization which are ordinarily
7 deductible for Federal income tax purposes under 26 U.S.C. § 162
8 (relating to trade or business expenses). The additional
9 deduction shall only be permitted to the extent deductions for
10 expenses under 26 U.S.C. § 162 were not taken by the medical
11 marijuana organization for Federal income tax purposes for the
12 taxable year.

13 * * *

14 (p.1) For taxable years after December 31, 2024, in the case
15 of a corporation that is a member of a unitary business, the
16 term "taxable income" shall mean the combined unitary income of
17 the unitary business, as determined on a water's-edge basis.

18 * * *

19 (t) (1) Except as provided in paragraph (2), (3) or (4) for
20 taxable years beginning after December 31, 2014, and in addition
21 to any authority the department has on the effective date of
22 this paragraph to deny a deduction related to a fraudulent or
23 sham transaction, no deduction shall be allowed for an
24 intangible expense or cost, or an interest expense or cost,
25 paid, accrued or incurred directly or indirectly in connection
26 with one or more transactions with an affiliated entity. In
27 calculating taxable income under this paragraph, when the
28 taxpayer is engaged in one or more transactions with an
29 affiliated entity that was subject to tax in this Commonwealth
30 or another state or possession of the United States on a tax
31 base that included the intangible expense or cost, or the
32 interest expense or cost, paid, accrued or incurred by the
33 taxpayer, the taxpayer shall receive a credit against tax due in
34 this Commonwealth in an amount equal to the apportionment factor
35 of the taxpayer in this Commonwealth multiplied by the greater
36 of the following:

37 (A) the tax liability of the affiliated entity with respect
38 to the portion of its income representing the intangible expense
39 or cost, or the interest expense or cost, paid, accrued or
40 incurred by the taxpayer; or

41 (B) the tax liability that would have been paid by the
42 affiliated entity under subparagraph (A) if that tax liability
43 had not been offset by a credit.

44 The credit issued under this paragraph shall not exceed the
45 taxpayer's liability in this Commonwealth attributable to the
46 net income taxed as a result of the adjustment required by this
47 paragraph.

48 (2) The adjustment required by paragraph (1) shall not apply
49 to a transaction that did not have as [the] a principal purpose
50 the avoidance of tax due under this article and was done at
51 arm's length rates and terms.

1 (3) The adjustment required by paragraph (1) shall not apply
2 to a transaction between a taxpayer and an affiliated entity
3 domiciled in a foreign nation which has in force a comprehensive
4 income tax treaty with the United States providing for the
5 allocation of all categories of income subject to taxation, or
6 the withholding of tax, on royalties, licenses, fees and
7 interest for the prevention of double taxation of the respective
8 nations' residents and the sharing of information.

9 (4) The adjustment required by paragraph (1) shall not apply
10 to a transaction where an affiliated entity directly or
11 indirectly paid, accrued or incurred a payment to a person who
12 is not an affiliated entity, if the payment is paid, accrued or
13 incurred on the intangible expense or cost, or interest expense
14 or cost, and is equal to or less than the taxpayer's
15 proportional share of the transaction. The taxpayer's
16 proportional share shall be based on relative sales, assets,
17 liabilities or another reasonable method.

18 (5) The adjustment required under paragraph (1) shall not
19 apply to a transaction between the taxpayer and an affiliated
20 entity, where the taxpayer and the affiliated entity file a
21 combined annual report in this State.

22 2. In case the entire business of any corporation, other
23 than a corporation engaged in doing business as a regulated
24 investment company as defined by the Internal Revenue Code of
25 1986, is not transacted within this Commonwealth, the tax
26 imposed by this article shall be based upon such portion of the
27 taxable income of such corporation for the fiscal or calendar
28 year, as defined in subclause 1 hereof, and may be determined as
29 follows:

30 (a) Division of Income.

31 * * *

32 (9) (A) Except as provided in subparagraph (B):

33 * * *

34 (vi) (a) For taxable years beginning after December 31,
35 2024, all business income of a unitary business shall be
36 apportioned to this State by multiplying the income by the
37 member's sales factor, the numerator of which shall be the
38 member's total sales in this State, and the denominator of which
39 shall be the combined total sales of all members of the unitary
40 business everywhere. In computing the sales of each member for
41 purposes of apportionment, the following sales are excluded from
42 the numerator and denominator:

43 (I) sales from transactions between or among members of the
44 unitary business that are deferred under 26 CFR 1.1502-13
45 (relating to intercompany transactions) for Federal taxable
46 income purposes; and

47 (II) the sales of each member that are excluded from the
48 unitary business pursuant to the definition of "water's-edge
49 basis."

50 (b) The Pennsylvania sales of each nontaxable member shall
51 be determined based upon the apportionment rules applicable to

1 the member and shall be aggregated. Each taxable member of the
2 group shall include in its sales factor numerator a portion of
3 the aggregate Pennsylvania sales of nontaxable members based on
4 a ratio, the numerator of which is the taxable member's
5 Pennsylvania sales and the denominator of which is the aggregate
6 Pennsylvania sales of all the taxable members of the group.

7 (c) Nonbusiness income of each member of a unitary business
8 shall be allocated as provided in paragraphs (5) through (8) of
9 phrase (a) of subclause 2 of this definition. A member of the
10 unitary business is subject to tax on its apportioned share of
11 all business income of the unitary business, plus its
12 nonbusiness income or loss allocated to this State, minus the
13 member's net loss deduction.

14 (d) The Secretary of Revenue may distribute, apportion or
15 allocate gross income, deductions, credits or allowances between
16 and among two or more corporations, persons, entities, members
17 or unitary businesses, whether or not incorporated, whether or
18 not organized in the United States and whether or not
19 affiliated, if:

20 (I) the corporations, persons, entities, members or unitary
21 businesses are owned or controlled directly or indirectly by the
22 same interests within the meaning of 26 U.S.C. § 482 (relating
23 to allocation of income and deductions among taxpayers); and

24 (II) the Secretary of Revenue determines that the
25 distribution, apportionment or allocation is necessary in order
26 to reflect an arm's length standard within the meaning of 26 CFR
27 1.482-1 (relating to allocation of income and deductions among
28 taxpayers) and to reflect clearly the income of those
29 corporations, persons, entities, members or unitary businesses.

30 (e) The Secretary of Revenue shall apply the administrative
31 and judicial interpretations of 26 U.S.C. § 482 in administering
32 this section.

33 (f) For taxable years beginning after December 31, 2024, any
34 member of a unitary group that would otherwise apportion its
35 business income under phrase (b), (c), (d) or (e) of subclause 2
36 of this definition shall determine its apportionment formula
37 using a single sales fraction.

38 * * *

39 4. * * *

40 (c) (1) The net loss deduction shall be the lesser of:

41 (A) (I) For taxable years beginning before January 1, 2007,
42 two million dollars (\$2,000,000);

43 (II) For taxable years beginning after December 31, 2006,
44 the greater of twelve and one-half per cent of taxable income as
45 determined under subclause 1 or, if applicable, subclause 2 or
46 three million dollars (\$3,000,000);

47 (III) For taxable years beginning after December 31, 2008,
48 the greater of fifteen per cent of taxable income as determined
49 under subclause 1 or, if applicable, subclause 2 or three
50 million dollars (\$3,000,000);

51 (IV) For taxable years beginning after December 31, 2009,

1 the greater of twenty per cent of taxable income as determined
2 under subclause 1 or, if applicable, subclause 2 or three
3 million dollars (\$3,000,000);

4 (V) For taxable years beginning after December 31, 2013, the
5 greater of twenty-five per cent of taxable income as determined
6 under subclause 1 or, if applicable, subclause 2 or four million
7 dollars (\$4,000,000);

8 (VI) For taxable years beginning after December 31, 2014,
9 the greater of thirty per cent of taxable income as determined
10 under subclause 1 or, if applicable, subclause 2 or five million
11 dollars (\$5,000,000);

12 (VII) For taxable years beginning after December 31, 2017,
13 thirty-five per cent of taxable income as determined under
14 subclause 1 or, if applicable, subclause 2;

15 (VIII) For taxable years beginning after December 31, 2018,
16 forty per cent of taxable income as determined under subclause 1
17 or, if applicable, subclause 2; [or]

18 (IX) For taxable years beginning after December 31, 2023,
19 fifty per cent of taxable income as determined under subclause 1
20 or, if applicable, subclause 2;

21 (X) For taxable years beginning after December 31, 2024,
22 sixty per cent of taxable income as determined under subclause 1
23 or, if applicable, subclause 2;

24 (XI) For taxable years beginning after December 31, 2025,
25 seventy per cent of taxable income as determined under subclause
26 1 or, if applicable, subclause 2; or

27 (XII) For taxable years beginning after December 31, 2026,
28 eighty per cent of taxable income as determined under subclause
29 1 or, if applicable, subclause 2; or

30 (B) The amount of the net loss or losses which may be
31 carried over to the taxable year or taxable income as determined
32 under subclause 1 or, if applicable, subclause 2.

33 * * *

34 (2) (A) A net loss for a taxable year may only be carried
35 over pursuant to the following schedule:

Taxable Year	Carryover
1981	1 taxable year
1982	2 taxable years
1983-1987	3 taxable years
1988	2 taxable years plus 1 taxable year starting with the 1995 taxable year
1989	1 taxable year plus 2 taxable years starting with the 1995 taxable year
1990-1993	3 taxable years starting with the 1995 taxable year
1994	1 taxable year

1	1995-1997	10 taxable years
2	1998 and thereafter	20 taxable years

(B) The earliest net loss shall be carried over to the earliest taxable year to which it may be carried under this schedule. The total net loss deduction allowed in any taxable year shall not exceed:

(I) Two million dollars (\$2,000,000) for taxable years beginning before January 1, 2007.

(II) The greater of twelve and one-half per cent of the taxable income as determined under subclause 1 or, if applicable, subclause 2 or three million dollars (\$3,000,000) for taxable years beginning after December 31, 2006.

(III) The greater of fifteen per cent of the taxable income as determined under subclause 1 or, if applicable, subclause 2 or three million dollars (\$3,000,000) for taxable years beginning after December 31, 2008.

(IV) The greater of twenty per cent of the taxable income as determined under subclause 1 or, if applicable, subclause 2 or three million dollars (\$3,000,000) for taxable years beginning after December 31, 2009.

(V) The greater of twenty-five per cent of taxable income as determined under subclause 1 or, if applicable, subclause 2 or four million dollars (\$4,000,000) for taxable years beginning after December 31, 2013.

(VI) The greater of thirty per cent of taxable income as determined under subclause 1 or, if applicable, subclause 2 or five million dollars (\$5,000,000) for taxable years beginning after December 31, 2014.

(VII) Thirty-five per cent of taxable income as determined under subclause 1 or, if applicable, subclause 2 for taxable years beginning after December 31, 2017.

(VIII) Forty per cent of taxable income as determined under subclause 1 or, if applicable, subclause 2 for taxable years beginning after December 31, 2018.

(IX) Fifty per cent of taxable income as determined under subclause 1 or, if applicable, subclause 2 for taxable years beginning after December 31, 2023.

(X) Sixty per cent of taxable income as determined under subclause 1 or, if applicable, subclause 2 for taxable years beginning after December 31, 2024.

(XI) Seventy per cent of taxable income as determined under subclause 1 or, if applicable, subclause 2 for taxable years beginning after December 31, 2025.

(XII) Eighty per cent of taxable income as determined under subclause 1 or, if applicable, subclause 2 for taxable years beginning after December 31, 2026.

* * *

(h) Subject to the limitations of this subclause, any member of a unitary business that has unused net loss from taxable years that began prior to January 1, 2025, or that generates net losses while a member of a unitary business may only take the

1 net loss deduction for taxable years beginning after December
2 31, 2023, to the extent of the member's share of combined
3 unitary income after apportionment and the net losses may not be
4 used by other members of the same unitary business.

5 (i) Any net loss realized for a taxable year unused by a
6 corporation which subsequently becomes a member of another
7 unitary business, may only be used by that corporation.

8 * * *

9 (5) "Taxable year." [The taxable year which the
10 corporation, or any consolidated group with which the
11 corporation participates in the filing of consolidated returns,
12 actually uses in reporting taxable income to the Federal
13 Government. With regard to the tax imposed by Article IV of this
14 act (relating to the Corporate Net Income Tax), the terms
15 "annual year," "fiscal year," "annual or fiscal year," "tax
16 year" and "tax period" shall be the same as the corporation's
17 taxable year, as defined in this paragraph.]

18 1. Except as set forth in subclause 2, the taxable year
19 which the corporation, or any consolidated group with which the
20 corporation participates in the filing of consolidated returns,
21 actually uses in reporting taxable income to the Federal
22 Government, or which the corporation would have used in
23 reporting taxable income to the Federal Government had it been
24 required to report its taxable income to the Federal Government.
25 With regard to the tax imposed by Article IV, the terms "annual
26 year," "fiscal year," "annual or fiscal year," "tax year" and
27 "tax period" shall be the same as the corporation's taxable
28 year, as defined in this subclause or subclause 2.

29 2. All members of a unitary business shall have a common
30 taxable year for purposes of computing tax due under this
31 article. The taxable year for such purposes is the common
32 taxable year adopted, in a manner prescribed by the department,
33 by all members of the unitary business. The common taxable year
34 must be used by all members of the unitary business in the year
35 of adoption and all future years unless otherwise permitted by
36 the department.

37 * * *

38 (12) "Tax haven." Any of the following:

39 (A) Andorra.

40 (B) Anguilla.

41 (C) Antigua and Barbuda.

42 (D) Aruba.

43 (E) The Bahamas.

44 (F) Bahrain.

45 (G) Barbados.

46 (H) Belize.

47 (I) Bermuda.

48 (J) Bonaire.

49 (K) The British Virgin Islands.

50 (L) The Cayman Islands.

51 (M) The Cook Islands.

1 (N) Curacao.
 2 (O) Cyprus.
 3 (P) Dominica.
 4 (Q) Gibraltar.
 5 (R) Grenada.
 6 (S) Guernsey-Sark-Alderney.
 7 (T) Ireland.
 8 (U) The Isle of Man.
 9 (V) Jersey.
 10 (W) Liberia.
 11 (X) Liechtenstein.
 12 (Y) Luxembourg.
 13 (Z) Malta.
 14 (AA) The Marshall Islands.
 15 (BB) Mauritius.
 16 (CC) Monaco.
 17 (DD) Montserrat.
 18 (EE) Nauru.
 19 (FF) The Netherlands.
 20 (GG) Niue.
 21 (HH) Panama.
 22 (II) Saba.
 23 (JJ) Samoa.
 24 (KK) San Marino.
 25 (LL) Seychelles.
 26 (MM) Singapore.
 27 (NN) St. Eustatius.
 28 (OO) St. Kitts and Nevis.
 29 (PP) St. Lucia.
 30 (QQ) St. Maarten.
 31 (RR) St. Vincent and the Grenadines.
 32 (SS) Switzerland.
 33 (TT) Turks and Caicos Islands.
 34 (UU) Vanuatu.
 35 (VV) A jurisdiction that is identified as a tax haven by the
 36 Organisation for Economic Co-operation and Development.
 37 (13) "Unitary business." A single economic enterprise that
 38 is made up of separate parts of a single corporation, of a
 39 commonly controlled group of corporations, or both, that are
 40 sufficiently interdependent, integrated and interrelated through
 41 their activities so as to provide a synergy and mutual benefit
 42 that produces a sharing or exchange of value among them and a
 43 flow of value to the separate parts. A unitary business includes
 44 all those parts and corporations that are included in a unitary
 45 business under the Constitution of the United States.
 46 (14) "Water's-edge basis." A system of reporting that
 47 includes the income and apportionment factors of certain members
 48 of a unitary business, described as follows:
 49 (A) Any member incorporated in the United States or formed
 50 under the laws of any state of the United States, the District
 51 of Columbia, any territory or possession of the United States or

1 the Commonwealth of Puerto Rico.

2 (B) Any member, regardless of the place incorporated or
3 formed, if at least twenty per cent of the member's sales factor
4 is within the United States, and the following shall apply:

5 (i) For purposes of determining whether at least twenty per
6 cent of a member's sales factor is within the United States, the
7 calculation must be performed on a stand-alone basis. Sales
8 shall be gross figures without eliminations for transactions
9 with other members of any unitary business.

10 (ii) Whether sales are within the United States is based on
11 the sales factor sourcing rules contained in section 401(3).

12 (C) Any member which is one of the following:

13 (i) A domestic international sales corporation as described
14 in 26 U.S.C. Ch. 1 Subch. N Pt. IV Subpt. A (relating to
15 treatment of qualifying corporations).

16 (ii) A foreign sales corporation as described in 26 U.S.C.
17 Ch. 1 Subch. N Pt. IV Subpts. A and B (relating to treatment of
18 distributions to shareholders).

19 (iii) An export trade corporation as described in 26 U.S.C.
20 §§ 970 (relating to reduction of subpart F income of export
21 trade corporations) and 971 (relating to definitions).

22 (D) Any member not described in subparagraph (A), (B) or (C)
23 shall include the portion of the member's taxable income derived
24 from or attributable to sources within the United States, as
25 determined under 26 U.S.C. (relating to Internal Revenue Code)
26 without regard to Federal treaties, and its apportionment
27 factors related thereto.

28 (E) Any member that is a "controlled foreign corporation" as
29 defined in 26 U.S.C. § 957 (relating to controlled foreign
30 corporations; United States persons), to the extent the income
31 of that member is income defined in 26 U.S.C. § 952 (relating to
32 Subpart F income defined) as Subpart F income, not excluding
33 lower-tier subsidiaries' distributions of such income which were
34 previously taxed, determined without regard to Federal treaties,
35 and the apportionment factors related to that income; any item
36 of income received by a controlled foreign corporation and the
37 apportionment factors related to such income shall be excluded
38 if the corporation establishes to the satisfaction of the
39 Secretary of Revenue that such income was subject to an
40 effective rate of income tax imposed by a foreign country
41 greater than ninety per cent of the maximum rate of tax
42 specified in 26 U.S.C. § 11 (relating to tax imposed). The
43 effective rate of income tax determination shall be based upon
44 the methodology set forth under 26 CFR 1.954-1 (relating to
45 foreign base company income).

46 (F) Any member that is incorporated in or is doing business
47 in a tax haven. The income and apportionment factors of a member
48 doing business in a tax haven shall be excluded if the member
49 establishes to the satisfaction of the Secretary of Revenue that
50 the member's income was subject to an effective rate of income
51 tax imposed by a country greater than ninety per cent of the

1 maximum rate of tax specified in 26 U.S.C. § 11.

2 (15) "Commonly controlled group." For a corporation, the
3 corporation is a member of a group of two or more corporations
4 and more than fifty per cent of the voting stock or controlling
5 interest of each member of the group is directly or indirectly
6 owned by a common owner or by common owners, either corporate or
7 noncorporate, or by one or more of the member corporations of
8 the group.

9 (16) "Combined unitary income." The aggregate taxable
10 income or loss of all members of a unitary business, subject to
11 apportionment, except:

12 (A) Income from an intercompany transaction between members
13 of a unitary business shall be deferred in a manner similar to
14 26 CFR 1.1502-13 (relating to intercompany transactions) for
15 Federal taxable income purposes.

16 (B) Dividends paid by one member of a unitary business to
17 another.

18 (C) Income of the following members is not included in the
19 determination of combined unitary income:

20 (i) any member subject to taxation under Article VII, VIII,
21 IX or XV;

22 (ii) any member specified in the definition of "institution"
23 in section 701.5 that would be subject to taxation under Article
24 VII, were it doing business in this State, as defined in section
25 701.5;

26 (iii) any member commonly known as a title insurance company
27 that would be subject to taxation under Article VIII, were it
28 incorporated in this State;

29 (iv) any member specified as an insurance company,
30 association or exchange in Article IX that would be subject to
31 taxation under Article IX, were it transacting insurance
32 business in this State;

33 (v) any member specified in the definition of "institution"
34 in section 1501 that would be subject to taxation under Article
35 XV, were it located, as defined in section 1501, in this State;
36 or

37 (vi) any member that is a small corporation as defined in
38 section 301(s.2) except to the extent of such small
39 corporation's net recognized built-in gain to the extent of and
40 as determined for Federal income tax purposes under 26 U.S.C. §
41 1374(d)(2) (relating to tax imposed on certain built-in gains).

42 (17) "Member." A corporation that is a member of a unitary
43 business. The term does not include a corporation listed in
44 clause (15)(C).

45 Section 3. Section 402(b) of the act, amended July 8, 2022
46 (P.L.513, No.53), is amended to read:

47 Section 402. Imposition of Tax.--* * *

48 (b) The annual rate of tax on corporate net income imposed
49 by subsection (a) for taxable years beginning for the calendar
50 year or fiscal year on or after the dates set forth shall be as
51 follows:

Taxable Year	Tax Rate
January 1, 1995, through December 31, 2022	9.99%
January 1, 2023, through December 31, 2023	[8.99%] <u>7.99%</u>
January 1, 2024, through December 31, 2024	[8.49%] <u>6.99%</u>
January 1, 2025, through December 31, 2025	[7.99%] <u>5.99%</u>
January 1, 2026, [through December 31, 2026] <u>and each</u> <u>taxable year</u> <u>thereafter</u>	[7.49%] <u>4.99%</u>
[January 1, 2027, through December 31, 2027	6.99%
January 1, 2028, through December 31, 2028	6.49%
January 1, 2029, through December 31, 2029	5.99%
January 1, 2030, through December 31, 2030	5.49%
January 1, 2031, and each taxable year thereafter	4.99%]
* * *	

Section 4. Section 403 of the act is amended by adding subsections to read:

Section 403. Reports and Payment of Tax.--* * *

(a.1) (1) Each corporation that is a member of a unitary business that consists of two or more corporations, unless excluded by the provisions of this article, shall file as part of a combined annual report. The member of the unitary business shall designate one member that is subject to tax under this article to file the combined annual report and to act as agent on behalf of all other members of the unitary business. Each corporation that is a member of a unitary business is liable for its tax liability under this article. The agent is also liable for the aggregate amount of the unitary business' tax liability pursuant to this article.

(2) The oath or affirmation of the designated member's president, vice president, treasurer, assistant treasurer or other authorized officer shall constitute the oath or

1 affirmation of each corporation that is a member of that unitary
2 business.

3 (3) The designated member shall transmit to the department
4 upon a form prescribed by the department a combined annual
5 report under oath or affirmation of the member's president, vice
6 president, treasurer, assistant treasurer or other authorized
7 officer.

8 (4) In addition to the information required in subsection
9 (a), the combined annual report shall set forth:

10 (i) All members included in the unitary business.

11 (ii) All necessary data, both in the aggregate and for each
12 member of the unitary business, that sets forth the
13 determination of tax liability for each member of the unitary
14 business.

15 (iii) Any other information that the department may require.

16 (a.2) A member of a unitary business of two or more
17 corporations must determine the member's income and
18 apportionment factors on a water's-edge basis.

19 * * *

20 Section 5. Sections 404 and 407.7 of the act are amended to
21 read:

22 Section 404. Consolidated Reports.--The department shall not
23 permit any corporation owning or controlling, directly or
24 indirectly, any of the voting capital stock of another
25 corporation or of other corporations, subject to the provisions
26 of this article, to make a consolidated report[, showing the
27 combined net income].

28 Section 407.7. Manufacturing Innovation and Reinvestment
29 Deduction.--(a) In order to be eligible to receive a
30 manufacturing innovation and reinvestment deduction, a taxpayer
31 must demonstrate to the department a private capital investment
32 in excess of [sixty million dollars (\$60,000,000)] fifty million
33 dollars (\$50,000,000) for the creation of new or refurbished
34 manufacturing capacity within [three years of a designated start
35 date] the applicable time period specified in subsection (b).

36 (b) (1) A taxpayer must advise the department in advance of
37 the start date of any project for which the taxpayer may seek a
38 qualified manufacturing innovation and reinvestment deduction. A
39 taxpayer must attest the taxpayer's intent to meet the
40 eligibility criteria and provide relevant information pertinent
41 to the project's size and scope in a manner as determined by the
42 department.

43 (2) For a private capital investment of less than or equal
44 to one hundred fifty million dollars (\$150,000,000), the
45 following shall apply:

46 (i) The project must be completed within three years of the
47 project's start date.

48 (ii) Within five years of [a] the project's start date, [a]
49 the taxpayer must complete to the department's satisfaction an
50 application on a form and in a manner as determined by the
51 department to attest that the project has been completed and the

1 eligibility criteria has been satisfied.

2 (3) For a private capital investment greater than one
3 hundred fifty million one dollars (\$150,000,001) and less than
4 two hundred fifty million dollars (\$250,000,000), the following
5 shall apply:

6 (i) The project must be completed within five years of the
7 project's start date.

8 (ii) Within seven years of the project's start date, the
9 taxpayer must complete to the department's satisfaction an
10 application on a form and in a manner as determined by the
11 department to attest that the project has been completed and the
12 eligibility criteria has been satisfied.

13 (4) For a private capital investment greater than two
14 hundred fifty million one dollars (\$250,000,001) and less than
15 three hundred fifty million dollars (\$350,000,000), the
16 following shall apply:

17 (i) The project must be completed within seven years of the
18 project's start date.

19 (ii) Within nine years of the project's start date, the
20 taxpayer must complete to the department's satisfaction an
21 application on a form and in a manner as determined by the
22 department to attest that the project has been completed and the
23 eligibility criteria has been satisfied.

24 (5) For a private capital investment greater than three
25 hundred fifty million one dollars (\$350,000,001), the department
26 shall establish the time period from the project's start date in
27 which the project must be completed and the time period in which
28 the application as described in paragraph (4) must be completed.

29 (c) Upon the receipt of the taxpayer's application, the
30 Department of Revenue [must] shall make a finding [that] whether
31 the applicant has filed all required State tax reports and
32 returns for all applicable tax years and paid any balance of
33 State tax due as determined at settlement, assessment or
34 determination, and the department, then in conjunction with the
35 Department of Revenue, shall make an eligibility or satisfaction
36 determination within ninety days of submission. If the
37 department makes a satisfaction determination, the department
38 and the taxpayer shall execute a satisfaction commitment letter
39 containing the following:

40 (1) The number of new jobs created and their corresponding
41 description.

42 (2) The number of new jobs created during construction of
43 the project.

44 (3) The amount of private capital investment in the creation
45 of new jobs.

46 (4) The increase in the annual taxable payroll attributable
47 to new manufacturing jobs.

48 (5) A determination of the maximum allowable deduction
49 against a taxpayer's qualified tax liability under this article.

50 (6) Any other information as the department deems
51 appropriate.

(d) (1.1) If the private capital investment is in excess of sixty million dollars (\$60,000,000), but not more than one hundred million dollars (\$100,000,000), the maximum allowable deduction shall be equal to thirty-seven and one-half per cent of the private capital investment utilized in the creation of new or refurbished manufacturing capacity. A taxpayer may utilize the deduction in an amount not to exceed seven and one-half per cent of the private capital investment utilized in the creation of new or refurbished manufacturing capacity in any one year of the succeeding ten tax years immediately following the department's satisfaction determination and the execution of a satisfaction commitment letter, up to the maximum allowable deduction. This paragraph shall only apply to applications made prior to January 1, 2024.

(1.2) If [the] a taxpayer's private capital investment for a project exceeds [one hundred million dollars (\$100,000,000)] fifty million dollars (\$50,000,000), the maximum allowable deduction shall be equal to twenty-five per cent of the private capital investment utilized in the creation of new or refurbished manufacturing capacity. A taxpayer may utilize the deduction in an amount not to exceed five per cent of the private capital investment utilized in the creation of new or refurbished manufacturing capacity in any one year of the succeeding ten tax years immediately following the department's satisfaction determination and the execution of a satisfaction commitment letter, up to the maximum allowable deduction.

(1.3) If a taxpayer executes a satisfaction commitment letter for more than two concurrent projects with a total private capital investment exceeding five hundred million dollars (\$500,000,000), the maximum allowable deduction for any succeeding project shall be equal to twenty-five per cent of the private capital investment utilized in the creation of new or refurbished manufacturing capacity. A taxpayer may utilize the deduction in an amount not to exceed five per cent of the private capital investment utilized in the creation of new or refurbished manufacturing capacity in any one year of the succeeding twenty tax years immediately following the department's satisfaction determination and the execution of a satisfaction commitment letter, up to the maximum allowable deduction.

(3) A taxpayer cannot use the deduction to reduce [its] the taxpayer's tax liability by more than fifty per cent of the tax liability under this article for the taxable year. The deduction is nontransferable and any unused portion in a tax year shall expire at the end of the corresponding tax year.

Section 6. Section 1102-C.6(b) of the act, amended November 3, 2022 (P.L.1695, No.108), is amended to read:

Section 1102-C.6. Transfer of Tax.--* * *

(b) The amount transferred under subsection (a) may not exceed the following:

(1) For each fiscal year beginning after June 30, 2019, and

ending prior to July 1, 2023, forty million dollars (\$40,000,000).

[(2) For the fiscal year beginning July 1, 2023, and each fiscal year thereafter, sixty million dollars (\$60,000,000).]

(3) For the fiscal year beginning July 1, 2023, sixty million dollars (\$60,000,000).

(4) For the fiscal year beginning July 1, 2024, eighty million dollars (\$80,000,000).

(5) For the fiscal year beginning July 1, 2025, and each fiscal year thereafter, ninety million dollars (\$90,000,000).

(6) For the fiscal year beginning July 1, 2026, and each fiscal year thereafter, one hundred million dollars (\$100,000,000).

* * *

Section 7. The definition of "tax credit" in section 1701-A.1 of the act is amended to read:

Section 1701-A.1. Definitions.

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

* * *

"Tax credit." A tax credit authorized under any of the following:

(1) Article XVII-B.

(2) Article XVII-D.

(3) Article XVII-E.

(4) Article XVII-G.

(5) Article XVII-H.

(6) Article XVII-I.

(7) Article XVII-J.

(8) Article XVII-K.

(8.1) Article XVII-L.

(9) Article XVIII.

(10) Article XVIII-B.

(11) Article XVIII-D.

(12) Article XVIII-E.

(13) Article XVIII-F.

(14) Article XVIII-G.

(14.1) Article XVIII-H.

(15) Article XIX-A.

(15.1) Article XIX-C.

(16) Article XIX-E.

(16.1) Article XIX-F.

(17) Section 2010.

[(19) Article XX-B of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949.]

(20) The act of December 1, 2004 (P.L.1750, No.226), known as the First Class Cities Economic Development District Act.

(21) 12 Pa.C.S. Ch. 34 (relating to Infrastructure and Facilities Improvement Program).

(22) Any other program established by a law of this Commonwealth in which a person applies for and receives a credit against a tax. This paragraph shall not apply to a credit against a tax liability as a result of an overpayment.

* * *

Section 8. (Reserved).

Section 9. Section 1711-D of the act is amended by adding definitions to read:

Section 1711-D. Definitions.

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

* * *

"Maintains a place of business" or "maintaining a place of business." All of the following:

(1) Owning or renting at least 5,000 square feet of office, warehouse or other space within this Commonwealth.

(2) Using an office, warehouse or other space located within this Commonwealth to sell, lease, manufacture or deliver tangible personal property or the performance of a service.

(3) Employing at least five individuals subject to Pennsylvania employment taxes in the sale, lease, manufacture or delivery of tangible personal property or in the performance of a service.

(4) If in the business of selling, leasing manufacturing or delivering tangible personal property, maintaining an inventory of tangible personal property within this Commonwealth for the sale, lease or delivery to residents of or entities doing business in this Commonwealth.

(5) Regularly engaging in the lease, sale or delivery of tangible personal property or the performance of a service as a business for residents of or entities doing business in this Commonwealth.

* * *

"Qualified location in this Commonwealth." A county in this Commonwealth, except for:

(1) A county of the first class.

(2) A county of the second class.

(3) A county of the second class A.

(4) A home rule county that was formerly a county of the second class A.

(5) A county of the third class that either:

(i) shares a border with a home rule county that was formerly a county of the second class A; or

(ii) shares a border with a county of the second class.

(6) A county of the fourth class that either:

(i) shares a border with a county of the second class; or

(ii) shares a border with a county of the third

class that shares a border with a county of the second class.

(7) A county of the sixth class that shares a border with a county of the fourth class that shares a border with a county of the second class.

* * *

"Representative." A person that meets all of the following criteria:

(1) Is authorized to communicate with the department on behalf of a taxpayer regarding an application submitted under section 1712-D.

(2) Maintains a place of business in this Commonwealth.

(3) Has substantial experience working with the entertainment production tax credits.

(4) Has employees who are registered with the Department of Revenue in accordance with section 1706-A.1.

* * *

Section 10. Section 1712-D(b) of the act, amended July 8, 2022 (P.L.513, No.53), is amended to read:

Section 1712-D. Credit for qualified film production expenses.

* * *

(b) Review and approval.--The department shall establish application periods not to exceed 90 days each. All applications received during the application period shall be reviewed and evaluated by the department based on the following criteria:

(1) The anticipated number of production days in a qualified production facility.

(2) The anticipated number of Pennsylvania employees.

(3) The number of preproduction days through postproduction days in Pennsylvania.

(4) The anticipated number of days spent in Pennsylvania hotels[.], except in connection with the Pennsylvania film producer reserve for which the anticipated number of days spent in Pennsylvania hotels shall not apply as evaluation criteria.

(5) The Pennsylvania production expenses in comparison to the production budget.

(5.1) For a Pennsylvania film producer, the portion of all preproduction expenses, production expenses and postproduction expenses incurred in Pennsylvania.

(6) The use of studio resources[.], if the resources are permanently located in and owned by the taxpayers of this Commonwealth.

(7) If the application includes a qualified postproduction expense:

(i) The qualified postproduction facility where the activity will occur.

(ii) The anticipated type of postproduction activity that will be conducted.

(7.1) If a multifilm production application is

submitted, the department shall consider the ability of the taxpayer to produce multiple films within this Commonwealth during the proposed period of production and the potential economic impact, including tourism impact, of the multiple films to this Commonwealth. The taxpayer may supplement the multifilm production application with additional films during the period of production. The department may annually extend the multifilm production application's period of production before the expiration of the period of production. The taxpayer may not include a film in the multifilm production application that was the subject of an application submitted under this subsection before January 1, 2022.

(7.2) The film will be produced by a Pennsylvania film producer.

(7.3) The taxpayer applying for credits is a Pennsylvania film producer.

(7.4) The taxpayer applying for credits is a minority-owned business or women-owned business, as those terms are defined in 74 Pa.C.S. § 303(b) (relating to diverse business participation).

(8) Other criteria that the Director of the Pennsylvania Film Office deems appropriate to ensure the growth and prosperity of the local Pennsylvania film industry and Pennsylvania film producers or yield maximum employment and benefit within this Commonwealth.

Upon determining the taxpayer has incurred or will incur qualified film production expenses, the department may approve the taxpayer for a tax credit. Applications not approved may be reviewed and considered in subsequent application periods. The department may approve a taxpayer for a tax credit based on its evaluation of the criteria under this subsection.

* * *

Section 11. Section 1714-D(f) (2) of the act is amended to read:

Section 1714-D. Carryover, carryback and assignment of credit.

* * *

(f) Purchasers and assignees.--Except as provided in subsections (g) and (h), the following apply:

* * *

(2) The amount of the tax credit that a purchaser or assignee may use against any one qualified tax liability may not exceed [50%] 75% of such qualified tax liability for the taxable year.

* * *

Section 11.1. Section 1716-D(a), (b), (e) and (f) of the act, amended or added July 8, 2022 (P.L.513, No.53), are amended to read:

Section 1716-D. Limitations.

(a) Cap.--Except for tax credits reissued under section 1716.1-D, in no case shall the aggregate amount of tax credits awarded in any fiscal year under this subarticle exceed

1 [\$100,000,000] \$150,000,000. The department may, in its
2 discretion, award in one fiscal year up to:

3 (1) Thirty percent of the dollar amount of film
4 production tax credits available to be awarded in the next
5 succeeding fiscal year.

6 (2) Twenty percent of the dollar amount of film
7 production tax credits available to be awarded in the second
8 successive fiscal year.

9 (3) Ten percent of the dollar amount of film production
10 tax credits available to be awarded in the third successive
11 fiscal year.

12 * * *

13 (b) Individual limitations.--The following shall apply:

14 (1) Except as set forth in paragraph (1.1) [or (1.2)],
15 (1.2), (1.3) or (1.4), the aggregate amount of film
16 production tax credits awarded by the department under
17 section 1712-D(d) to a taxpayer for a film may not exceed 25%
18 of the qualified film production expenses to be incurred.

19 (1.1) In addition to the tax credit under paragraph (1),
20 a taxpayer is eligible for a credit in the amount of 5% of
21 the qualified film production expenses incurred by the
22 taxpayer if the taxpayer:

23 (i) films a feature film, television film or
24 television series, which is intended as programming for a
25 national audience; and

26 (ii) films in a qualified production facility which
27 meets the minimum stage filming requirements.

28 (1.2) A qualified postproduction expense shall qualify
29 for a 30% credit.

30 (1.3) In addition to the tax credit under paragraph (1),
31 a taxpayer is eligible for a credit in the amount of 5% of
32 the qualified film production expenses incurred by the
33 taxpayer, which in the aggregate would qualify for a 30%
34 credit, if the taxpayer:

35 (i) films a feature film, television film,
36 television series or other visual media, which is
37 intended as programming for a national audience; and

38 (ii) is a minority-owned business or women-owned
39 business as those terms are defined in 74 Pa.C.S. §
40 303(b) (relating to diverse business participation).

41 (1.4) In addition to the tax credit under paragraphs (1)
42 and (1.1), a taxpayer is eligible for a credit in the amount
43 of 5% of the qualified film production expenses incurred by
44 the taxpayer, which in the aggregate shall not exceed 35% of
45 the qualified film production expenses incurred by the
46 taxpayer, if the taxpayer films a feature film, television
47 film or television series, which is intended as programming
48 for a national audience, in a qualified location in this
49 Commonwealth.

50 (2) A taxpayer that has received a grant under 12
51 Pa.C.S. § 4106 (relating to approval) shall not be eligible

1 for a film production tax credit under this act for the same
2 film.

3 * * *

4 (e) Pennsylvania film producer reserve.--The department
5 shall annually reserve and allocate [\$5,000,000] 10% of the tax
6 credits authorized under this subarticle in support of projects
7 produced by a Pennsylvania film producer. A Pennsylvania film
8 producer shall not be limited in eligibility for a tax credit
9 solely to the Pennsylvania film producer reserve in any fiscal
10 year. The following apply:

11 (1) Not more than 10% of the total amount of tax credits
12 authorized by this subsection shall be allocated to any
13 single tax credit applicant.

14 (2) Not more than 50% of the total amount of tax credits
15 authorized by this subsection shall be allocated to film
16 projects with production expenses in excess of \$500,000.

17 (3) A film project that qualifies under this subsection
18 need only document that 60% of the financing for the film
19 project has been secured prior to being considered for a tax
20 credit under this subarticle, with the remaining 40% of the
21 financing to be secured by the film project prior to the
22 planned start date of the principal photography in this
23 Commonwealth.

24 (4) Before awarding a tax credit under this subarticle,
25 additional consideration shall be given to the following:

26 (i) Whether Pennsylvania production expenses of the
27 film project comprise at least 60% of the total
28 production expenses.

29 (ii) Whether the tax credit applicant is a minority
30 business enterprise, as defined in 18 Pa.C.S. § 4107.2(b)
31 (relating to deception relating to certification of
32 minority business enterprise or women's business
33 enterprise).

34 (iii) Whether the tax credit applicant is a women's
35 business enterprise, as defined in 18 Pa.C.S. §
36 4107.2(b).

37 (f) If the total amount of tax credits reserved and
38 allocated under subsection (e) is not fully awarded [in] three
39 months prior to the end of a fiscal year, the amount not awarded
40 shall be made available for use by taxpayers who are not
41 Pennsylvania film producers.

42 Section 11.2. Article XVII-L of the act is amended by adding
43 a subarticle to read:

44 SUBARTICLE G
45 BIOTECHNOLOGY

46 Section 1799.11-L. Definitions.

47 The following words and phrases when used in this subarticle
48 shall have the meanings given to them in this section unless the
49 context clearly indicates otherwise:

50 "Biotechnology." The use of biology to develop new products,
51 methods and organisms intended to improve human health and

1 society.

2 "Project facility." A facility located in this Commonwealth
3 which is owned and operated by a qualified taxpayer which
4 engages in biotechnology research and the commercialization of
5 applied research within this Commonwealth.

6 "Qualified taxpayer." A company that meets all of the
7 following criteria:

8 (1) Uses biotechnology in this Commonwealth at a project
9 facility in this Commonwealth that has been placed in service
10 on or after the effective date of this section.

11 (2) Makes a capital investment of at least \$500,000,000
12 in order to construct the project facility and place the
13 project facility into service in this Commonwealth.

14 (3) Creates a minimum aggregate total of 250 new jobs
15 and permanent jobs.

16 (4) Makes good faith efforts to recruit and employ, and
17 to encourage any contractor or subcontractor to recruit and
18 employ, workers from the local labor market for employment
19 during the construction of the project facility.

20 (5) Demonstrates that the new jobs created at the
21 project facility or for work covered by Subarticle F are paid
22 at least the prevailing minimum wage and benefit rates for
23 each craft or classification as determined by the Department
24 of Labor and Industry.

25 (6) Performs the construction work to place the project
26 facility into service in accordance with the act of March 3,
27 1978 (P.L.6, No.3), known as the Steel Products Procurement
28 Act.

29 Section 1799.12-L. Eligibility.

30 In order to be eligible to receive a tax credit, a company
31 shall demonstrate the following:

32 (1) The company meets the requirements of a qualified
33 taxpayer.

34 (2) A confirmation that the company has filed all
35 required State tax reports and returns for all applicable
36 taxable years and paid any balance of State tax due as
37 determined by assessment or determination by the department
38 and not under timely appeal.

39 Section 1799.13-L. Application and approval of tax credit.

40 (a) (Reserved).

41 (b) Application.--

42 (1) A qualified taxpayer may apply to the department for
43 a tax credit under this section.

44 (2) The application must be submitted to the department
45 by March 1 for the tax credit claimed by the qualified
46 taxpayer at the project facility during the prior calendar
47 year.

48 (3) The application must be on the form required by the
49 department, which shall include all of the following:

50 (i) Information required by the department to verify
51 that the applicant is a qualified taxpayer.

1 (ii) Any other information as the department deems
2 appropriate.

3 (c) Review and approval.--

4 (1) The department shall review the applications and
5 issue an approval or disapproval by May 1.

6 (2) Upon approval, the department shall issue a
7 certificate stating the amount of tax credit granted for
8 biotechnology at the project facility in the prior calendar
9 year.

10 (d) Availability of tax credits.--

11 (1) Each fiscal year, \$15,000,000 in tax credits shall
12 be made available to the department in accordance with this
13 subarticle.

14 (2) The department may issue up to \$5,000,000 in tax
15 credits to each qualified taxpayer which meets the
16 qualifications to receive a tax credit under this subarticle.

17 (3) An amount under paragraph (1) which remains
18 unallocated under paragraph (2) shall be issued to the
19 qualified taxpayer which next meets the qualifications to
20 receive a tax credit under this subarticle.

21 (4) The total aggregate amount of tax credits awarded to
22 a qualified taxpayer under this subarticle may not exceed 25%
23 of the capital investment made to construct a project
24 facility and place the project facility into service in this
25 Commonwealth.

26 Section 1799.14-L. Use of tax credits.

27 (a) Initial use.--Prior to sale or assignment of a tax
28 credit under section 1799.16-L, a qualified taxpayer must first
29 use a tax credit against the qualified tax liability incurred in
30 the taxable year for which the tax credit was approved.

31 (b) Eligibility.--The tax credit may be applied against up
32 to 20% of a qualified taxpayer's qualified tax liabilities
33 incurred in the taxable year for which the tax credit was
34 approved.

35 (c) Limit.--A qualified taxpayer that has been granted a tax
36 credit under this subarticle shall be ineligible for any other
37 tax credit provided under this act or a tax benefit as defined
38 in section 1701-A.1.

39 Section 1799.15-L. Carryover, carryback and refund.

40 A tax credit cannot be carried back, carried forward or be
41 used to obtain a refund.

42 Section 1799.16-L. Sale or assignment.

43 (a) Authorization.--If the qualified taxpayer holds a tax
44 credit through the end of the calendar year in which the tax
45 credit was granted, the qualified taxpayer may sell or assign a
46 tax credit, in whole or in part, provided the sale is effective
47 by the close of the following calendar year.

48 (b) Application.--

49 (1) To sell or assign a tax credit, a qualified taxpayer
50 must file an application for the sale or assignment of the
51 tax credit with the department. The application must be on a

1 form required by the department.

2 (2) In order to approve an application, the department
3 shall receive all of the following:

4 (i) A finding from the department that the applicant
5 has:

6 (A) filed all required State tax reports and
7 returns for all applicable taxable years; and

8 (B) paid any balance of State tax due as
9 determined by assessment or determination by the
10 department and not under timely appeal.

11 (ii) For a sale or assignment to a company that is
12 not an upstream company or downstream company, a
13 certification from the qualified taxpayer that the
14 qualified taxpayer has offered to sell or assign the tax
15 credit:

16 (A) exclusively to a downstream company for a
17 period of 30 days following approval of the tax
18 credit under section 1799.13-L(c); and

19 (B) to an upstream company or downstream company
20 for a period of 30 days following expiration of the
21 period under clause (A).

22 (c) Approval.--Upon approval by the department, a qualified
23 taxpayer may sell or assign, in whole or in part, a tax credit.
24 Section 1799.17-L. Purchasers and assignees.

25 (a) Time.--The purchaser or assignee under section 1799.16-L
26 must claim the tax credit in the calendar year in which the
27 purchase or assignment is made.

28 (b) Amount.--The amount of the tax credit that a purchaser
29 or assignee under section 1799.16-L may use against any one
30 qualified tax liability may not exceed 50% of any of the
31 qualified tax liabilities of the purchaser or assignee for the
32 taxable year.

33 (c) Resale and assignment.--

34 (1) A purchaser under section 1799.16-L may not sell or
35 assign the purchased tax credit.

36 (2) An assignee under section 1799.16-L may not sell or
37 assign the assigned tax credit.

38 (d) Notice.--The purchaser or assignee under section
39 1799.16-L shall notify the department of the seller or assignor
40 of the tax credit in compliance with procedures specified by the
41 department.

42 Section 1799.18-L. Pass-through entity.

43 (a) Election.--If a pass-through entity has an unused tax
44 credit, the pass-through entity may elect, in writing, according
45 to procedures established by the department, to transfer all or
46 a portion of the tax credit to shareholders, members or partners
47 in proportion to the share of the entity's distributive income
48 to which the shareholders, members or partners are entitled.

49 (b) Limitation.--The same unused tax credit under subsection
50 (a) may not be claimed by:

51 (1) the pass-through entity; and

1 (2) a shareholder, member or partner of the pass-through
2 entity.

3 (c) Amount.--The amount of the tax credit that a transferee
4 under subsection (a) may use against any one qualified tax
5 liability may not exceed 20% of any qualified tax liabilities
6 for the taxable year.

7 (d) Time.--A transferee under subsection (a) must claim the
8 tax credit in the calendar year in which the transfer is made.

9 (e) Sale and assignment.--A transferee under subsection (a)
10 may not sell or assign the tax credit.

11 Section 1799.19-L. (Reserved).

12 Section 1799.20-L. Guidelines and regulations.

13 The department shall develop written guidelines for the
14 implementation of this subarticle. The guidelines shall be in
15 effect until the department promulgates regulations for the
16 implementation of the provisions of this subarticle.

17 Section 1799.21-L. Report to General Assembly.

18 (a) Report.--

19 (1) No later than the year after which tax credits are
20 first awarded under this subarticle, and each October 1
21 thereafter, the department shall submit a report to the
22 General Assembly summarizing the effectiveness of the tax
23 credit. The report shall include the names of all qualified
24 taxpayers utilizing the tax credit as of the date of the
25 report and the amount of tax credits approved for, utilized
26 by or sold or assigned by each qualified taxpayer. The report
27 shall be submitted to the following:

28 (i) The chair and minority chair of the Health and
29 Human Services Committee of the Senate.

30 (ii) The chair and minority chair of the Health
31 Committee of the House of Representatives.

32 (iii) The chair and minority chair of the Finance
33 Committee of the Senate.

34 (iv) The chair and minority chair of the Finance
35 Committee of the House of Representatives.

36 (2) In addition to the information required under
37 paragraph (1), the report shall include the following
38 information in a manner that is separated by geographic
39 location within this Commonwealth:

40 (i) The amount of tax credits claimed by qualified
41 taxpayers during the fiscal year.

42 (ii) The total number of new jobs and permanent jobs
43 created by qualified taxpayers during the fiscal year,
44 including the duration of the jobs.

45 (b) Public information.--Notwithstanding any law providing
46 for the confidentiality of tax records, the information in the
47 report under subsection (a) shall be public information, and all
48 report information shall be posted on the department's publicly
49 accessible Internet website.

50 Section 1799.22-L. Applicability.

51 (a) Duration.--The tax credit under this subarticle shall

1 apply to the use of biotechnology for a period of eight years
2 from the date the first project facility is placed into service.

3 (b) Limitation.--The total aggregate amount of tax credits
4 awarded by the department under this subarticle may not exceed
5 \$120,000,000.

6 Section 12. Sections 1904-A(c) and 1905-A(a) of the act are
7 amended to read:

8 Section 1904-A. Tax Credit.--* * *

9 (c) The total amount of tax credit granted for programs
10 approved under this act shall not exceed [thirty-six million
11 dollars (\$36,000,000)] fifty-four million dollars (\$54,000,000)
12 of tax credit in any fiscal year.

13 * * *

14 Section 1905-A. Grant of Tax Credit.--(a) The Department of
15 Revenue shall grant a tax credit against any tax due under
16 Article III, IV, VI, VII, VIII, IX or XV of this act, or any tax
17 substituted in lieu thereof in an amount which shall not exceed
18 [fifty-five] sixty-five per cent of the total amount contributed
19 during the taxable year by a business firm or twenty-five per
20 cent of qualified investments by a private company in programs
21 approved pursuant to section 1904-A of this act: Provided, That
22 a tax credit of up to [seventy-five] ninety per cent of the
23 total amount contributed during the taxable year by a business
24 firm or up to thirty-five per cent of the amount of qualified
25 investments by a private company may be allowed for investment
26 in programs where activities fall within the scope of special
27 program priorities as defined with the approval of the Governor
28 in regulations promulgated by the secretary, and Provided
29 further, That a tax credit of up to [seventy-five] ninety per
30 cent of the total amount contributed during the taxable year by
31 a business firm in comprehensive service projects with five-year
32 commitments and up to [eighty] ninety-five per cent of the total
33 amount contributed during the taxable year by a business firm in
34 comprehensive service projects with six-year or longer
35 commitments shall be granted, and Provided further, That a tax
36 credit of up to [seventy-five] ninety per cent of the total
37 amount contributed during the taxable year by a business firm in
38 veterans' housing assistance approved under section 1904-A(b.3)
39 shall be granted. Such credit shall not exceed [five hundred
40 thousand dollars (\$500,000)] one million dollars (\$1,000,000)
41 annually for contributions or investments to fewer than four
42 projects or [one million two hundred fifty thousand dollars
43 (\$1,250,000)] two million five hundred thousand dollars
44 (\$2,500,000) annually for contributions or investments to four
45 or more projects. No tax credit shall be granted to any bank,
46 bank and trust company, insurance company, trust company,
47 national bank, savings association, mutual savings bank or
48 building and loan association for activities that are a part of
49 its normal course of business. Any tax credit not used in the
50 period the contribution or investment was made may be carried
51 over for the next five succeeding calendar or fiscal years until

1 the full credit has been allowed. A business firm shall not be
2 entitled to carry back or obtain a refund of an unused tax
3 credit. The total amount of all tax credits allowed pursuant to
4 this act shall not exceed [thirty-six million dollars
5 (\$36,000,000)] fifty-four million dollars (\$54,000,000) in any
6 one fiscal year. Of that amount, two million dollars
7 (\$2,000,000) shall be allocated exclusively for pass-through
8 entities. However, if the total amounts allocated to either the
9 group of applicants, exclusive of pass-through entities, or the
10 group of pass-through entity applicants is not approved in any
11 fiscal year, the unused portion shall become available for use
12 by the other group of qualifying taxpayers.

13 * * *

14 Section 12.1. The act is amended by adding an article to
15 read:

16 ARTICLE XIX-B.1

17 EXPANDED NEIGHBORHOOD IMPROVEMENT ZONES

18 Section 1901-B.1. Scope of article.

19 This article relates to expanded neighborhood improvement
20 zones.

21 Section 1902-B.1. Definitions.

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

25 "Affordable housing." As follows:

26 (1) Housing in which the occupant is paying no more than
27 30% of gross income for housing costs, including utilities.

28 (2) Affordable housing units must comprise at least 30%
29 of the units in an affordable housing building.

30 "Bonds." Includes notes, instruments, refunding notes and
31 bonds and other evidences of indebtedness or obligations.

32 "Capital Facilities Debt Enabling Act." The act of February
33 9, 1999 (P.L.1, No.1), known as the Capital Facilities Debt
34 Enabling Act.

35 "City." A city with a population of between 94,000 and
36 95,000, based on the 2020 Federal decennial census, located in a
37 county of the third class which is not a home rule county.

38 "Contracting authority." An authority created under 53
39 Pa.C.S. Ch. 56 (relating to municipal authorities) for the
40 purpose of designating an expanded neighborhood improvement zone
41 and constructing a facility or other authority created under the
42 laws of this Commonwealth which is eligible to apply for and
43 receive redevelopment assistance capital grants under Chapter 3
44 of the Capital Facilities Debt Enabling Act.

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

46 "Earned income tax." A tax or portion of a tax imposed on
47 earned income within an expanded neighborhood improvement zone
48 under the act of December 31, 1965 (P.L.1257, No.511), known as
49 The Local Tax Enabling Act, which a city, or a school district
50 contained entirely within the boundaries of or coterminous with
51 the city, is entitled to receive.

1 "Expanded neighborhood improvement zone." An expanded
2 neighborhood improvement zone designated by the contracting
3 authority for the purposes of an expanded neighborhood
4 improvement and development within a city.

5 "Facility." A structure or complex of structures to be used
6 for residential, affordable housing, commercial, sports
7 exhibition, hospitality, conference, retail, community, office,
8 recreational or mixed-use purposes.

9 "Fund." The Expanded Neighborhood Improvement Zone Fund
10 established under section 1904-B.1.

11 "Master list." A list maintained by the contracting
12 authority that includes:

13 (1) The legal business names, principal business
14 addresses within an expanded neighborhood improvement zone
15 and parcel numbers of all qualified businesses which are
16 required to file reports for the calendar year under section
17 1904-B.1(b)(1).

18 (2) The name, telephone number and email address of the
19 person employed by the qualified business who is primarily
20 responsible for completing reports for the qualified business
21 required under section 1904-B.1(b).

22 "Operating organization." An entity that contracts directly
23 with the contracting authority to lease or operate a facility.

24 "Professional sports organization." A sole proprietorship,
25 corporation, limited liability company, partnership or
26 association that meets all of the following:

27 (1) Owns a professional sports franchise.

28 (2) Conducts professional athletic events of the sports
29 franchise at a facility.

30 "Qualified business." An entity authorized to conduct
31 business in this Commonwealth which is located or partially
32 located within an expanded neighborhood improvement zone and is
33 engaged in the active conduct of a trade or business for the
34 taxable year. An agent, broker or representative of a business
35 shall not be considered to be in the active conduct of trade or
36 business for the business.

37 Section 1903-B.1. Facility.

38 A contracting authority may:

39 (1) Designate an expanded neighborhood improvement zone
40 of not greater than 130 acres in which a facility may be
41 constructed.

42 (2) Borrow money for the purpose of:

43 (i) Improvement and development within the expanded
44 neighborhood improvement zone.

45 (ii) Construction of a facility within the expanded
46 neighborhood improvement zone.

47 Section 1904-B.1. Expanded Neighborhood Improvement Zone Fund
48 and accounts.

49 (a) Fund and accounts.--

50 (1) Within 10 days after a contracting authority makes a
51 designation of an expanded neighborhood improvement zone, the

1 contracting authority shall notify the State Treasurer of the
2 designation.

3 (2) Upon the notice under paragraph (1), the State
4 Treasurer shall establish a fund to be known as the Expanded
5 Neighborhood Improvement Zone Fund, which shall contain an
6 account for each contracting authority. Interest income
7 derived from investment of the money in the fund shall be
8 credited by the Treasury Department to the fund for each
9 account of the contracting authority.

10 (b) Certification.--

11 (1) Within 31 days of the end of each calendar year,
12 each qualified business shall file a report with the
13 department which complies with all of the following:

14 (i) States each State tax, calculated in accordance
15 with subsection (e), which was paid by the qualified
16 business in the prior calendar year.

17 (ii) Lists each State tax refund which complies with
18 all of the following:

19 (A) The refund is for a tax:

20 (I) specified in subsection (e); and

21 (II) certified as paid under subsection (e).

22 (B) The refund was received in the prior
23 calendar year by the qualified business.

24 (iii) Is in a form and manner required by the
25 department.

26 (2) In addition to any penalties imposed under this act
27 for failure to timely pay State taxes, the following apply:

28 (i) Failure to file a timely and complete report
29 under paragraph (1) shall result in the imposition of a
30 penalty of 10% of all State taxes, calculated in
31 accordance with subsection (e), which were payable by the
32 qualified business in the prior calendar year. The
33 following apply:

34 (A) The penalty imposed shall not be less than
35 \$1,000.

36 (B) When the penalty is received, the money
37 shall be transferred from the General Fund to the
38 account of the contracting authority that designated
39 the expanded neighborhood improvement zone in which
40 the qualifying business is located.

41 (C) Failure to file a timely and complete report
42 under paragraph (4) shall result in the imposition of
43 a penalty of 10% of all local taxes, calculated in
44 accordance with subsection (e) by a contracting
45 authority which were payable by the qualified
46 business in the prior calendar year. The penalty
47 imposed under this clause shall not be less than
48 \$250.

49 (ii) Failure to report a qualified business
50 operating in the facility to the contracting authority by
51 an operating organization in accordance with subsection

1 (d)(2) shall result in the imposition of a penalty by the
2 contracting authority upon the operating organization, of
3 100% of the taxes which would be certified under
4 subsection (e) for each qualified business which is not
5 reported to the contracting authority or \$1,000,
6 whichever is greater. The following apply:

7 (A) The contracting authority may not waive or
8 abate any penalties imposed under this subparagraph.

9 (B) When the penalty is received, the money
10 shall be transferred from the General Fund to the
11 account of the contracting authority that designated
12 the expanded neighborhood improvement zone in which
13 the qualifying business is located.

14 (iii) Failure to file a timely and complete report
15 under paragraph (1) by a qualified business engaged in
16 the active conduct of a trade or business during the
17 calendar year in the facility shall result in the
18 imposition of a penalty by the contracting authority upon
19 the operating organization equal to 100% of the taxes
20 paid which would be certified under subsection (e) for
21 each qualified business which fails to file a timely and
22 complete report. The following apply:

23 (A) The penalty imposed shall not be less than
24 \$1,000.

25 (B) If the qualified business is properly
26 included on the master list provided under subsection
27 (d), the contracting authority may waive or abate
28 penalties imposed under this subparagraph equal to
29 the total taxes paid by the qualified business which
30 are certified under subsection (e).

31 (C) When the penalty is received, the money
32 shall be deposited into the account of the
33 contracting authority that designated the expanded
34 neighborhood improvement zone in which the qualifying
35 business is located.

36 (3) Except as otherwise provided under paragraph (2)(ii)
37 and (iii), a penalty imposed under this subsection shall be
38 imposed, assessed and collected by the department under the
39 provisions for imposing, assessing and collecting penalties
40 under Article II. When the penalty is received, the money
41 shall be transferred from the General Fund to the account of
42 the contracting authority that designated the expanded
43 neighborhood improvement zone in which the qualified business
44 is located.

45 (4) Within 31 days of the end of each calendar year,
46 each qualified business shall file a report with the local
47 taxing authority reporting all local taxes, calculated in
48 accordance with subsection (e), which were paid by the
49 qualified business in the prior calendar year. The following
50 apply:

51 (i) The report from each qualified business shall

1 also list any local tax refunds of taxes specified in
2 subsection (e) received in the prior calendar year by the
3 qualified business and any refunds related to the local
4 taxes as calculated in accordance with subsection (e).

5 (ii) The report shall be in a form and manner
6 required by the department.

7 (c) Transition.--

8 (1) Subject to paragraphs (3) and (4), within 15 days of
9 the receipt of a penalty or report from the qualified
10 business, the State Treasurer shall:

11 (i) Determine the amount of money in the fund which
12 is attributable to each expanded neighborhood improvement
13 zone.

14 (ii) Transfer the amount of money in the fund for
15 each contracting authority for which money was deposited.

16 (2) An entity collecting a local tax that is in
17 possession of money attributable to a local tax not included
18 in the amount to be calculated and certified under subsection
19 (e) shall promptly remit that money to the local taxing
20 authority entitled to receive the money.

21 (3) Transfer and repayment is subject to the following:

22 (i) Before making the transfer under paragraph (1),
23 the State Treasurer shall:

24 (A) Determine the amount of money deposited into
25 the fund which was attributable to earned income
26 taxes that a contracting authority is not entitled to
27 receive under subsection (e).

28 (B) Deduct the amount of money determined under
29 clause (A) from the money to be transferred under
30 paragraph (1).

31 (ii) If any amount of the money under subparagraph
32 (i) (A) has already been transferred to a contracting
33 authority, the State Treasurer shall take action as
34 necessary to recover the money from the contracting
35 authority, including by way of setoff from money to be
36 paid to the contracting authority under paragraph (1).
37 The contracting authority shall comply with a demand made
38 by the State Treasurer for the repayment of money under
39 this paragraph.

40 (4) As to the money deducted or recovered under
41 paragraph (3), the State Treasurer shall:

42 (i) Identify the local taxing authorities that were
43 entitled to receive the money which was deposited into
44 the fund.

45 (ii) Determine the amount to which each local taxing
46 authority was entitled.

47 (iii) Remit the amount under subparagraph (ii) to
48 the proper local taxing authority.

49 (d) Master list.--

50 (1) Except as provided under paragraph (2), within five
51 days of the end of each month, the following shall be

1 provided to the contracting authority by or on behalf of the
2 qualified business for purposes of inclusion on the master
3 list:

4 (i) The legal business names, business addresses
5 within the expanded neighborhood improvement zone and
6 parcel numbers of all qualified businesses engaged in the
7 active conduct of a trade or business during the previous
8 month.

9 (ii) The name, telephone number and email address of
10 the person employed by the qualified business who is
11 primarily responsible for completing reports for the
12 qualified business required under subsection (b).

13 (2) For purposes of inclusion on the master list, within
14 five days of the end of each month during a calendar year, an
15 operating organization shall provide to the contracting
16 authority the legal business names and business addresses
17 within the expanded neighborhood improvement zone of all
18 qualified businesses engaged in the active conduct of a trade
19 or business in the facility during the previous month along
20 with the name, telephone number and email address of the
21 individual employed by the qualified business who is
22 primarily responsible for completing the reports for the
23 qualified business required under subsection (b).

24 (3) Within 10 days of the end of each calendar year, the
25 contracting authority shall provide to the department the
26 master list. The department may not certify any taxes paid
27 directly or indirectly by a qualified business as provided
28 under subsection (e) during the prior calendar year when the
29 qualified business is not included on the master list.

30 (4) A contracting authority shall impose penalties for
31 failure to comply with this section.

32 (e) Calculation.--

33 (1) Within 60 days of the end of each calendar year, the
34 department shall certify separately for each expanded
35 neighborhood improvement zone the amounts of State taxes
36 paid, less any State tax refunds received, by the qualified
37 businesses filing reports under subsection (b)(1) to the
38 Office of the Budget.

39 (2) Beginning in the first full calendar year following
40 the designation of an expanded neighborhood improvement zone
41 and in each calendar year thereafter, by November 1, the
42 department shall calculate, in accordance with this
43 subsection, amounts of State taxes actually received by the
44 Commonwealth from each qualified business that filed a report
45 under subsection (b)(1) in the prior calendar year, and the
46 department shall certify the amounts received to the Office
47 of the Budget.

48 (3) The department shall include reports filed five
49 months after the due date under subsection (b)(1) in the
50 November 1 certification.

51 (4) An entity collecting a local tax within the expanded

1 neighborhood improvement zone shall, within 31 days of the
2 end of each calendar year, submit all of the local taxes that
3 are to be calculated under this subsection and which were
4 paid in the prior calendar year, less any certified local tax
5 refunds received by a qualified business in the prior
6 calendar year, to the State Treasurer to be deposited under
7 subsection (g).

8 (5) This subsection shall not apply to any taxes subject
9 to a valid pledge or security interest entered into in order
10 to secure debt service on bonds if the pledge or security
11 interest was entered into prior to the designation of an
12 expanded neighborhood improvement zone, and is still in
13 effect.

14 (6) The following shall be the amounts calculated and
15 certified separately for each expanded neighborhood
16 improvement zone:

17 (i) An amount equal to all corporate net income tax,
18 capital stock and franchise tax, personal income tax,
19 business privilege tax, business privilege licensing fees
20 and earned income tax related to the ownership and
21 operation of a professional sports organization
22 conducting professional athletic events at the facility.

23 (ii) An amount equal to all of the following:

24 (A) All personal income tax, earned income tax
25 and local services tax withheld from employees by a
26 professional sports organization conducting
27 professional athletic events at the facility.

28 (B) All personal income tax, earned income tax
29 and local services tax withheld from the employees of
30 any provider of events at or services to or any
31 operator of an enterprise in the facility.

32 (C) All personal income tax, earned income tax
33 and local services tax to which the Commonwealth
34 would be entitled from performers or other
35 participants, including visiting teams, at an event
36 or activity at the facility.

37 (iii) An amount equal to all sales and use tax
38 related to the operation of the professional sports
39 organization and the facility and enterprises developed
40 as part of the facility. This subparagraph shall include
41 sales and use tax paid by a provider of events or
42 activities at or services to the facility, including
43 sales and use tax paid by vendors and concessionaires and
44 contractors at the facility.

45 (iv) An amount equal to all tax paid to the
46 Commonwealth related to the sale of any liquor, wine or
47 malt or brewed beverage in the facility.

48 (v) The amount paid by the professional sports
49 organization or by any provider of events or activities
50 at or services to the facility of any new tax enacted by
51 the Commonwealth after the effective date of this

1 subparagraph.

2 (vi) An amount equal to all personal income tax,
3 earned income tax and local services tax withheld from
4 personnel by the professional sports organization or by a
5 contractor or other entity involved in the construction
6 of the facility.

7 (vii) An amount equal to all sales and use tax paid
8 on materials and other construction costs, whether
9 withheld or paid by the professional sports organization
10 or other entity, directly related to the construction of
11 the facility.

12 (viii) An amount equal to all of the following:

13 (A) All corporate net income tax, capital stock
14 and franchise tax, personal income tax, business
15 privilege tax, business privilege licensing fees and
16 earned income tax related to the ownership and
17 operation of any qualified business within the
18 expanded neighborhood improvement zone.

19 (B) All personal income tax, earned income tax
20 and local services tax withheld from employees by a
21 qualified business within the expanded neighborhood
22 improvement zone.

23 (C) All personal income tax, earned income tax
24 and local services tax withheld from the employees of
25 a qualified business that provides events, activities
26 or services in the expanded neighborhood improvement
27 zone.

28 (D) All personal income tax, earned income tax
29 and local services tax to which the Commonwealth
30 would be entitled from performers or other
31 participants at an event or activity in the expanded
32 neighborhood improvement zone.

33 (E) All sales and use tax related to the
34 operation of a qualified business within the expanded
35 neighborhood improvement zone. This clause shall
36 include sales and use tax paid by a qualified
37 business that provides events, activities or services
38 in the expanded neighborhood improvement zone.

39 (F) All tax paid by a qualified business to the
40 Commonwealth related to the sale of any liquor, wine
41 or malt or brewed beverage within the expanded
42 neighborhood improvement zone.

43 (G) The amount paid by a qualified business
44 within the expanded neighborhood improvement zone of
45 any new tax enacted by the Commonwealth following
46 October 9, 2009.

47 (H) All personal income tax, earned income tax
48 and local services tax withheld from personnel by a
49 qualified business involved in the improvement,
50 development or construction of the expanded
51 neighborhood improvement zone.

1 (I) All sales and use tax paid on materials and
2 other construction costs, whether withheld or paid by
3 the professional sports organization or other
4 qualified business, directly related to the
5 improvement, development or construction of the
6 expanded neighborhood improvement zone.

7 (J) An amount equal to any amusement tax paid by
8 a qualified business operating in the expanded
9 neighborhood improvement zone. A political
10 subdivision or other entity authorized to collect
11 amusement taxes may not impose or increase the rate
12 of any tax on admissions to places of entertainment,
13 exhibition or amusement or upon athletic events in
14 the expanded neighborhood improvement zone which are
15 not in effect on the date the expanded neighborhood
16 improvement zone is designated by the contracting
17 authority.

18 (ix) Except for a tax levied against real property
19 and notwithstanding any other provision of law, an amount
20 equal to any tax imposed by the Commonwealth or any of
21 the Commonwealth's political subdivisions on a qualified
22 business engaged in an activity within the expanded
23 neighborhood improvement zone or directly or indirectly
24 on any sale or purchase of goods or services, where the
25 point of sale or purchase is within the expanded
26 neighborhood improvement zone.

27 (f) State tax liability apportionment.--For the purpose of
28 making the calculations under subsection (e), the State tax
29 liability of a qualified business shall be apportioned to the
30 expanded neighborhood improvement zone by multiplying the
31 Pennsylvania State tax liability by a fraction, the numerator of
32 which is the property factor plus the payroll factor plus the
33 sales factor and the denominator of which is three, in
34 accordance with the following:

35 (1) The property factor is a fraction, the numerator of
36 which is the average value of the taxpayer's real and
37 tangible personal property owned or rented and used in the
38 expanded neighborhood improvement zone during the tax period
39 and the denominator of which is the average value of all the
40 taxpayer's real and tangible personal property owned or
41 rented and used in this Commonwealth during the tax period
42 but shall not include the security interest of any
43 corporation as seller or lessor in personal property sold or
44 leased under a conditional sale, bailment lease, chattel
45 mortgage or other contract providing for the retention of a
46 lien or title as security for the sale price of the property.

47 (2) The following apply:

48 (i) The payroll factor is a fraction, the numerator
49 of which is the total amount paid in the expanded
50 neighborhood improvement zone during the tax period by
51 the taxpayer for compensation and the denominator of

1 which is the total compensation paid in this Commonwealth
2 during the tax period.

3 (ii) Compensation is paid in the expanded
4 neighborhood improvement zone, if:

5 (A) the person's service is performed entirely
6 within the expanded neighborhood improvement zone;

7 (B) the person's service is performed both
8 within and outside the expanded neighborhood
9 improvement zone, but the service performed outside
10 the expanded neighborhood improvement zone is
11 incidental to the person's service within the
12 expanded neighborhood improvement zone; or

13 (C) some of the service is performed in the
14 expanded neighborhood improvement zone and the base
15 of operations or, if there is no base of operations,
16 the place from which the service is directed or
17 controlled is in the expanded neighborhood
18 improvement zone, or the base of operations or the
19 place from which the service is directed or
20 controlled is not in any location in which some part
21 of the service is performed, but the person's
22 residence is in the expanded neighborhood improvement
23 zone.

24 (3) The sales factor is a fraction, the numerator of
25 which is the total sales of the taxpayer in the expanded
26 neighborhood improvement zone during the tax period and the
27 denominator of which is the total sales of the taxpayer in
28 this Commonwealth during the tax period. The following apply:

29 (i) Sales of tangible personal property are in the
30 expanded neighborhood improvement zone if the property is
31 delivered or shipped to a purchaser that takes possession
32 within the expanded neighborhood improvement zone
33 regardless of the F.O.B. point or other conditions of the
34 sale.

35 (ii) Sales other than sales of tangible personal
36 property are in the expanded neighborhood improvement
37 zone, if:

38 (A) the income-producing activity is performed
39 in the expanded neighborhood improvement zone; or

40 (B) the income-producing activity is performed
41 both within and outside the expanded neighborhood
42 improvement zone and a greater proportion of the
43 income-producing activity is performed in the
44 expanded neighborhood improvement zone than in any
45 other location, based on costs of performance.

46 (g) Transfers.--

47 (1) Within 10 days of receiving certification under
48 subsection (e), the Secretary of the Budget shall direct the
49 State Treasurer to, notwithstanding any other provision of
50 law, transfer the amounts certified under subsection (e) for
51 each expanded neighborhood improvement zone from the General

1 Fund to the account of the contracting authority that
2 established the expanded neighborhood improvement zone.

3 (2) Beginning in the second calendar year following the
4 designation of an expanded neighborhood improvement zone and
5 in each year thereafter, the amounts certified by the
6 Secretary of the Budget to the State Treasurer and the
7 amounts transferred by the State Treasurer to the account of
8 each contracting authority shall be determined as follows:

9 (i) Add amounts certified by the department under
10 subsection (e) for the prior calendar year.

11 (ii) Subtract from the sum under subparagraph (i)
12 any State tax refunds paid as certified by the department
13 under subsection (e).

14 (iii) Add to the difference under subparagraph (ii)
15 any amounts certified under subsection (e) with respect
16 to the second prior calendar year.

17 (iv) Subtract from the sum under subparagraph (iii)
18 any amounts certified under subsection (e) which are less
19 than the amounts previously certified under subsection
20 (e) with respect to the second prior calendar year.

21 (3) The State Treasurer shall provide an annual transfer
22 to the contracting authority until the bonds issued to
23 finance and refinance the improvement and development of the
24 expanded neighborhood improvement zone and the construction
25 of the facility are retired. Each annual transfer to the
26 contracting authority shall be equal to the balance of the
27 account of the contracting authority on the date of the
28 transfer under paragraph (1).

29 (h) Restriction on use of money.--Money transferred under
30 subsection (g) is subject to the following:

31 (1) The money may only be utilized as follows:

32 (i) For payment of debt service, directly or
33 indirectly through a multitiered ownership structure or
34 other structure authorized by a contracting authority to
35 facilitate financing mechanisms, on bonds or on
36 refinancing loans used to repay bonds issued to finance
37 or refinance:

38 (A) the improvement and development of all or
39 any part of the expanded neighborhood improvement
40 zone; and

41 (B) the construction of all or part of a
42 facility.

43 (ii) For payment of debt service on bonds issued to
44 refund those bonds.

45 (iii) For replenishment of amounts required in any
46 debt service reserve funds established to pay debt
47 service on bonds.

48 (2) The term of a bond to be refunded shall not exceed
49 the maximum term permitted for the original bond issued for
50 the improvement or development of the expanded neighborhood
51 improvement zone and the construction of a facility.

1 (3) The money may not be utilized for purposes of
2 renovating or repairing a facility, except for capital
3 maintenance and improvement projects.

4 (i) Ticket surcharge.--The entity operating the facility may
5 collect a capital repair and improvement ticket surcharge, the
6 proceeds of which shall be deposited into the account of each
7 contracting authority. The account of each contracting authority
8 shall be maintained and utilized as follows:

9 (1) The money deposited under this subsection may not be
10 encumbered for any reason and shall be transferred to the
11 entity for capital repair and improvement projects upon
12 request from the entity.

13 (2) Upon the expiration of the expanded neighborhood
14 improvement zone under section 1909-B.1, any and all portions
15 of the fund attributable to the ticket surcharge shall be
16 immediately transferred to the contracting authority to be
17 held in escrow where the money shall be unencumbered and
18 maintained by the contracting authority in the same manner as
19 the fund. Upon the transfer, any ticket surcharge collected
20 by the operating entity shall thereafter be deposited in the
21 account maintained by the contracting authority and dispersed
22 for a capital repair and improvement project upon request by
23 the operating entity.

24 (j) Excess money.--Within 30 days of the end of each
25 calendar year, any money remaining in the account of each
26 contracting authority at the end of the prior calendar year
27 after the required payments under subsection (g)(2) were made in
28 the prior calendar year shall be refunded in the following
29 manner:

30 (1) Money shall first be returned to the General Fund to
31 the extent that the excess money is part of the transfer
32 under subsection (g)(1).

33 (2) Money shall next be paid to the contracting
34 authority to the extent that the amounts paid under
35 subsection (g)(2) consisted of local taxes. The contracting
36 authority shall return the money to the appropriate entities
37 collecting local tax who submitted the local taxes to the
38 State Treasurer under subsection (e).

39 (k) Audit.--

40 (1) The contracting authority shall hire an independent
41 auditing firm to perform an annual audit verifying all of the
42 following:

43 (i) The correct amount of the eligible local tax was
44 submitted to the local taxing authorities.

45 (ii) The local taxing authorities transferred the
46 correct amount of eligible local tax to the State
47 Treasurer.

48 (iii) The money transferred to the fund was properly
49 expended.

50 (iv) The correct amount of excess money was refunded
51 in accordance with the provisions of subsection (j).

1 (2) A copy of each annual audit under paragraph (1)
2 shall be sent to the department and the Secretary of the
3 Budget.

4 (3) For purposes of this subsection, an auditing firm
5 shall not be considered independent if the auditing firm
6 provides services to an operating organization or any
7 qualified business within an expanded neighborhood
8 improvement zone which is a party to a separate agreement
9 with a contracting authority for the allocation of funds from
10 the contracting authority.

11 Section 1905-B.1. Taxes.

12 (a) Prohibition.--A division of local government may not
13 assess real estate taxes on any property in an expanded
14 neighborhood improvement zone owned by a contracting authority.

15 (b) Local hotel tax.--Notwithstanding any other provision of
16 law, revenue generated from local hotel taxes levied in an
17 expanded neighborhood improvement zone must first be set aside
18 for new development and capital improvement of hotel properties
19 in the expanded neighborhood improvement zone. If there is no
20 new hotel property development or capital improvement in the
21 expanded neighborhood improvement zone, the revenue generated
22 from hotel taxes shall be distributed as provided under local
23 hotel tax law.

24 (c) Amount.--For purposes of this article, revenue collected
25 from local hotel taxes shall only include the amount of local
26 hotel taxes collected from hotel activities which exceed the
27 amount collected from hotel activities occurring prior to the
28 designation of an expanded neighborhood improvement zone by the
29 contracting authority.

30 Section 1906-B.1. Property assessment.

31 Notwithstanding 53 Pa.C.S. Ch. 88 (relating to consolidated
32 county assessment), for purposes of determining the assessed
33 value of property located in an expanded neighborhood
34 improvement zone, the actual fair market value of the property
35 shall be established without utilizing or considering the cost
36 approach to valuation, and any money received by the contracting
37 authority and utilized directly or indirectly in connection with
38 the property shall not be considered real property or income
39 attributable to the property.

40 Section 1907-B.1. Transfer of property.

41 (a) Transfer of parcels.--Parcels in a zone may be
42 transferred out of the zone and replaced with parcels not to
43 exceed the acreage transferred out of the zone by the
44 contracting authority, if:

45 (1) The department certifies that there is currently no
46 activity in the parcels transferred in the zone that
47 generates tax receipts or other revenue to the Commonwealth.

48 (2) The municipality where the zone is located certifies
49 that there is currently no activity in the parcels
50 transferred into the zone that generates tax receipts or
51 other revenue, other than taxes on real property, to the

1 municipality and the school district and county where the
2 zone is located.

3 (b) Public hearing.--

4 (1) For a parcel identified by the contracting authority
5 to be transferred out of the zone, the contracting authority
6 may conduct a public hearing pursuant to a request from an
7 owner of real estate located within the parcel or the city or
8 municipality where the parcel sits. The hearing shall be held
9 and notice of the hearing provided to the owner of the parcel
10 in accordance with section 908 of the act of July 31, 1968
11 (P.L.805, No.247), known as the Pennsylvania Municipalities
12 Planning Code.

13 (2) If the contracting authority determines that it will
14 transfer a parcel out of the zone, the contracting authority
15 shall issue a written opinion within 45 days of the hearing
16 specifying the reasons supporting the determination.

17 Section 1908-B.1. Keystone Opportunity Zone.

18 Within four months following the designation of an expanded
19 neighborhood improvement zone, a city may apply to the
20 Department of Community and Economic Development to decertify
21 and remove the designation of all or part of the Keystone
22 Opportunity Zone on behalf of all political subdivisions. The
23 provisions of section 309 of the act of October 6, 1998
24 (P.L.705, No.92), known as the Keystone Opportunity Zone,
25 Keystone Opportunity Expansion Zone and Keystone Opportunity
26 Improvement Zone Act, shall be deemed satisfied as to all
27 political subdivisions. The Department of Community and Economic
28 Development shall act on the application within 30 days.

29 Section 1909-B.1. Duration.

30 The expanded neighborhood improvement zone shall be in effect
31 for a period equal to one year following retirement of all bonds
32 issued to finance or refinance the improvement and development
33 of the expanded neighborhood improvement zone or the
34 construction of the facility. The maximum term of the bond,
35 including the refunding of the bond, shall not exceed 30 years.
36 Section 1910-B.1. Commonwealth pledges.

37 If and to the extent that the contracting authority pledges
38 amounts required to be transferred to the account of the
39 contracting authority under section 1904-B.1 for the payment of
40 bonds issued by the contracting authority, until all bonds
41 secured by the pledge of the contracting authority, together
42 with the interest on the bonds, are fully paid or provided for,
43 the Commonwealth pledges to and agrees with any person, firm,
44 corporation or government agency, whether in this Commonwealth
45 or elsewhere, and to and with any Federal agency subscribing to
46 or acquiring the bonds issued by the contracting authority that
47 the Commonwealth itself will not nor will it authorize any
48 government entity to abolish or reduce the size of the expanded
49 neighborhood improvement zone, to amend or repeal section 1904-
50 B.1(b), (e) or (g), to limit or alter the rights vested in the
51 contracting authority in a manner inconsistent with the

1 obligations of the contracting authority with respect to the
2 bonds issued by the contracting authority or to otherwise impair
3 revenues to be paid under this article to the contracting
4 authority necessary to pay debt service on bonds. Nothing in
5 this section shall limit the authority of the Commonwealth or
6 any government entity to change the rate, tax bases or any
7 subject of any specific tax or repealing or enacting any tax.
8 Section 1911-B.1. Confidentiality.

9 Notwithstanding any other provision of law providing for the
10 confidentiality of tax records, the contracting authority and
11 the local taxing authorities shall have access to any reports
12 and certifications filed under this article, and the contracting
13 authority shall have access to any State or local tax
14 information filed by a qualified business in the expanded
15 neighborhood improvement zone solely for the purpose of
16 documenting the certifications required by this article or
17 determining the amount allocated to any uses specified under
18 section 1904-B.1(h)(1). Any other use of the tax information
19 shall be prohibited as provided under law.

20 Section 1912-B.1. Exceptions.

21 Beginning with the 2024 calendar year, none of the following
22 may be employed by, be contracting with or provide services for
23 a contracting authority:

24 (1) An individual employed by, contracting with or
25 providing service for a city that has an expanded
26 neighborhood improvement zone.

27 (2) An entity contracting with or providing services for
28 a city that has an expanded neighborhood improvement zone.

29 (3) An individual owning an entity or an entity with
30 ownership interest in a separate entity which is contracting
31 with a city that has an expanded neighborhood improvement
32 zone.

33 (4) An individual or an entity employed by, contracting
34 with or providing services for a qualified business within
35 the expanded neighborhood improvement zone which is party to
36 a separate agreement with a contracting authority for the
37 allocation of funds from the contracting authority.

38 (5) An individual or an entity employed by, contracting
39 with or providing services for an operating organization.

40 (6) A current board member of a contracting authority.

41 (7) An entity that is owned by or employs a current
42 board member of a contracting authority.

43 Section 13. Section 1903-I(a) and (b) of the act, added July
44 8, 2022 (P.L.513, No.53), are amended and the section is amended
45 by adding a subsection to read:

46 Section 1903-I. Credit for child and dependent care employment-
47 related expenses.

48 (a) Tax credit.--[For taxable years beginning after December
49 31, 2021, a] A taxpayer who receives a credit under section 21
50 of the Internal Revenue Code of 1986 may claim a tax credit
51 against the taxpayer's tax liability in accordance with this

1 section.

2 [(b) Amount of tax credit.--The amount of the tax credit
3 under subsection (a) shall be equal to 30% of:

4 (1) the actual amount of employment-related expenses
5 incurred by the taxpayer and claimed for the Federal tax
6 credit under section 21 of the Internal Revenue Code of 1986
7 during the prior taxable year, or the following, as
8 applicable, whichever is less:

9 (i) \$3,000 for one qualifying individual with
10 respect to the taxpayer; or

11 (ii) \$6,000 for two or more qualifying individuals
12 with respect to the taxpayer; multiplied by

13 (2) the applicable percent, with respect to the
14 taxpayer, in effect for the taxable year beginning after
15 December 31, 2021, and ending before January 1, 2023.]

16 (b.1) Amount of tax credit in subsequent tax years.--For
17 taxable years beginning after December 31, 2021, the amount of
18 the tax credit under subsection (a) shall be equal to the
19 following:

20 (1) For the taxable year beginning after December 31,
21 2021, and ending before January 1, 2023, 30% of:

22 (i) the actual amount of employment-related expenses
23 incurred by the taxpayer and claimed for the Federal tax
24 credit under section 21 of the Internal Revenue Code of
25 1986 during the prior taxable year, or the following, as
26 applicable, whichever is less:

27 (A) \$3,000 for one qualifying individual with
28 respect to the taxpayer; or

29 (B) \$6,000 for two or more qualifying
30 individuals with respect to the taxpayer; multiplied
31 by

32 (ii) the applicable percent, with respect to the
33 taxpayer, in effect for the taxable year beginning after
34 December 31, 2021, and ending before January 1, 2023.

35 (2) For the taxable year beginning after December 31,
36 2022, and ending before January 1, 2024, 30% of the following
37 amounts, whichever is less:

38 (i) the actual amount of employment-related expenses
39 incurred by the taxpayer and claimed for the Federal tax
40 credit under section 21 of the Internal Revenue Code of
41 1986 during the prior taxable year; or

42 (ii) the following amounts:

43 (A) \$3,000 for one qualifying individual with
44 respect to the taxpayer; or

45 (B) \$6,000 for two or more qualifying
46 individuals with respect to the taxpayer.

47 (3) For the taxable year beginning after December 31,
48 2023, and ending before January 1, 2025, 35% of the following
49 amounts, whichever is less:

50 (i) the actual amount of employment-related expenses
51 incurred by the taxpayer and claimed for the Federal tax

credit under section 21 of the Internal Revenue Code of
1986 during the prior taxable year; or
(ii) the following amounts:
(A) \$3,500 for one qualifying individual with
respect to the taxpayer; or
(B) \$7,000 for two or more qualifying
individuals with respect to the taxpayer.
(4) For the taxable year beginning after December 31,
2024, and ending before January 1, 2026, 40% of the following
amounts, whichever is less:
(i) the actual amount of employment-related expenses
incurred by the taxpayer and claimed for the Federal tax
credit under section 21 of the Internal Revenue Code of
1986 during the prior taxable year; or
(ii) the following amounts:
(A) \$4,000 for one qualifying individual with
respect to the taxpayer; or
(B) \$8,000 for two or more qualifying
individuals with respect to the taxpayer.
(5) For the taxable year beginning after December 31,
2025, and ending before January 1, 2027, 45% of the following
amounts, whichever is less:
(i) the actual amount of employment-related expenses
incurred by the taxpayer and claimed for the Federal tax
credit under section 21 of the Internal Revenue Code of
1986 during the prior taxable year; or
(ii) the following amounts:
(A) \$4,500 for one qualifying individual with
respect to the taxpayer; or
(B) \$9,000 for two or more qualifying
individuals with respect to the taxpayer.
(6) For the taxable year beginning after December 31,
2026, and for each taxable year thereafter, 50% of the
following amounts, whichever is less:
(i) the actual amount of employment-related expenses
incurred by the taxpayer and claimed for the Federal tax
credit under section 21 of the Internal Revenue Code of
1986 during the prior taxable year; or
(ii) the following amounts:
(A) \$5,000 for one qualifying individual with
respect to the taxpayer; or
(B) \$10,000 for two or more qualifying
individuals with respect to the taxpayer.

* * *

Section 14. The act is amended by adding an article to read:

ARTICLE XXIII-A

PUBLIC TRANSPORTATION TRUST FUND

Section 2301-A. Transfers to Public Transportation Trust Fund.

Notwithstanding 74 Pa.C.S. § 1506(c)(1) (relating to fund),
6.4% of the amount collected under Article II shall be deposited
into the Public Transportation Trust Fund annually by the 20th

1 day of each month for the preceding month.

2 Section 2302-A. Annual increase.

3 Notwithstanding 74 Pa.C.S. § 1513(d)(2) (relating to
4 operating program), the Secretary of Transportation may adjust
5 and hold harmless the amount of annual increase in local match
6 under section 1513(d)(2) for a period of five fiscal years
7 beginning in fiscal year 2024-2025.

8 Section 15. Section 3003.3(d) of the act is amended and the
9 section is amended by adding a subsection to read:

10 Section 3003.3. Underpayment of Estimated Tax.--* * *

11 (d) Notwithstanding the provisions of [the preceding
12 subsections,] this section, other than as set forth in
13 subsection (d.1), interest with respect to any underpayment of
14 any installment of estimated tax shall not be imposed if the
15 total amount of all payments of estimated tax made on or before
16 the last date prescribed for the payment of such installment
17 equals or exceeds the amount which would have been required to
18 be paid on or before such date if the estimated tax were an
19 amount equal to the tax computed at the rates applicable to the
20 taxable year, including any minimum tax imposed, but otherwise
21 on the basis of the facts shown on the report of the taxpayer
22 for, and the law applicable to, the safe harbor base year,
23 adjusted for any changes to sections 401, 601, 602 and 1101
24 enacted for the taxable year, if a report showing a liability
25 for tax was filed by the taxpayer for the safe harbor base year.
26 If the total amount of all payments of estimated tax made on or
27 before the last date prescribed for the payment of such
28 installment does not equal or exceed the amount required to be
29 paid per the preceding sentence, but such amount is paid after
30 the date the installment was required to be paid, then the
31 period of underpayment shall run from the date the installment
32 was required to be paid to the date the amount required to be
33 paid per the preceding sentence is paid. Provided, that if the
34 total tax for the safe harbor base year exceeds the tax shown on
35 such report by ten per cent or more, the total tax adjusted to
36 reflect the current tax rate shall be used for purposes of this
37 subsection. In the event that the total tax for the safe harbor
38 base year exceeds the tax shown on the report by ten per cent or
39 more, interest resulting from the utilization of such total tax
40 in the application of the provisions of this subsection shall
41 not be imposed if, within forty-five days of the mailing date of
42 each assessment, payments are made such that the total amount of
43 all payments of estimated tax equals or exceeds the amount which
44 would have been required to be paid on or before such date if
45 the estimated tax were an amount equal to the total tax adjusted
46 to reflect the current tax rate. In any case in which the
47 taxable year for which an underpayment of estimated tax may
48 exist is a short taxable year, in determining the tax shown on
49 the report or the total tax for the safe harbor base year, the
50 tax will be reduced by multiplying it by the ratio of the number
51 of installment payments made in the short taxable year to the

1 number of installment payments required to be made for the full
2 taxable year.

3 (d.1) With respect to any underpayment of an installment of
4 estimated corporate net income tax for any tax year that begins
5 in taxable year 2025 or 2026 by a corporation required to file a
6 combined annual report pursuant to section 403(a.1)(1), interest
7 shall not be imposed if the total amount of all payments of
8 estimated corporate net income tax made on or before the last
9 date prescribed for the payment of such installment equals or
10 exceeds the amount which would have been required to be paid on
11 or before such date if the estimated tax were an amount equal to
12 the combined tax shown on the reports of all the members of the
13 unitary business for the safe harbor base year computed at the
14 rate applicable to the taxable year.

15 Section 15.1. Section 3003.8 of the act is amended by adding
16 a subsection to read:

17 Section 3003.8. Method of Filing.--* * *

18 (c) For the purposes of this section, the Department of
19 Revenue shall make telephonic filing or a reasonable alternative
20 available for taxpayers who request an exception from electronic
21 filing due to a religious objection or hardship caused by a lack
22 of Internet access and are granted the exception from the
23 Department of Revenue.

24 Section 15.2. Section 3003.25(a)(2) of the act, added July
25 8, 2022 (P.L.513, No.53), is amended and the section is amended
26 by adding a subsection to read:

27 Section 3003.25. Allocation of Tax Credits.--(a)
28 Notwithstanding any other provision of this act, the amount of
29 tax credits that may be awarded for tax credit programs
30 specified under this subsection shall remain at the amount
31 allocated for fiscal years beginning after June 30, 2022, and
32 ending before July 1, 2025:

33 * * *

34 [(2) Subarticle B of Article XVII-D.]

35 * * *

36 (a.1) Notwithstanding any other provision of this act, the
37 amount of tax credits that may be awarded for the tax credit
38 program under Subarticle B of Article XVII-D shall remain at the
39 amount allocated for the fiscal year beginning after June 30,
40 2022, and ending before July 1, 2023.

41 * * *

42 Section 15.3. Nothing in this act shall be construed to
43 increase the rate of tax imposed under section 1102-C of the
44 act.

45 Section 16. The following shall apply:

46 (1) The addition of section 303(a.7)(2)(i)(E) of the act
47 shall apply to taxable years beginning after December 31,
48 2023.

49 (2) The addition of section 304(d)(4) of the act shall
50 apply to taxable years beginning after December 31, 2023.

51 (3) The amendment of section 401(3)1(a), (b) and (t) and

1 (5) of the act shall apply to taxable years beginning after
2 December 31, 2024.

3 (4) The addition of section 401(3)1(b.2) of the act
4 shall apply to taxable years beginning after December 31,
5 2022.

6 (5) The addition of section 403(a.1) and (a.2) of the
7 act shall apply to taxable years beginning after December 31,
8 2024.

9 (6) The amendment of section 404 of the act shall apply
10 to taxable years beginning after December 31, 2024.

11 (7) The amendment of section 407.7 of the act shall
12 apply to taxable years beginning after December 31, 2023.

13 (8) The amendment or addition of section 3003.3(d) and
14 (d.1) of the act shall apply to taxable years beginning after
15 December 31, 2024.

16 (9) The amendment of section 3003.25(a)(2) shall apply
17 retroactively to fiscal years beginning after June 30, 2023.
18 Section 17. This act shall take effect as follows:

19 (1) The addition of section 3003.8(c) of the act shall
20 take effect January 1, 2024.

21 (2) The addition of Article XXIII-A of the act shall
22 take effect July 1, 2024.

23 (3) The following shall take effect in 60 days:

24 (i) The addition of section 303(a.7)(2)(i)(E) of the
25 act.

26 (ii) The addition of section 304(d)(4) of the act.

27 (iii) The addition of the definitions of "maintains
28 a place of business" or "maintaining a place of
29 business," "qualified location in this Commonwealth" and
30 "representative" of section 1711-D of the act.

31 (iv) The amendment of section 1712-D(b) of the act.

32 (v) The amendment of section 1714-D(f)(2) of the
33 act.

34 (vi) The amendment or addition of section 1716-D(b)
35 (1), (1.3) and (1.4) of the act.

36 (vii) The addition of Subarticle G of Article XVII-L
37 of the act.

38 (viii) The amendment of section 1904-A(c) of the
39 act.

40 (ix) The amendment of section 1905-A(a) of the act.

41 (x) The amendment of section 1903-I(a) and (b) of
42 the act.

43 (4) The remainder of this act shall take effect
44 immediately.