

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1958 Session of
2024

INTRODUCED BY HANBIDGE, CEPHAS, SAMUELSON, RABB, SCHLOSSBERG,
MERSKI, MADSEN, KHAN, PARKER, DONAHUE, T. DAVIS, DELLOSO,
GUENST, SANCHEZ, HOWARD, FREEMAN, HILL-EVANS, CERRATO,
CONKLIN, CIRESI, FLEMING, DALEY AND SHUSTERMAN,
FEBRUARY 20, 2024

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 20, 2024

AN ACT

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

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

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

17 ARTICLE XIX-J

18 EMPLOYER CHILD CARE CONTRIBUTION TAX DEDUCTION

19 Section 1901-J. Scope of article.

20 This article establishes the Employer Child Care Contribution
21 Tax Deduction.

1 Section 1902-J. Definitions.

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

5 "Aggregate contribution." The aggregate contribution that a
6 qualified taxpayer makes to all employees during a taxable year.

7 "Child-care provider." Includes:

8 (1) A child care center as defined under 55 Pa. Code §
9 3270.4 (relating to definitions).

10 (2) A group child care home as defined under 55 Pa. Code
11 § 3280.4 (relating to definitions).

12 (3) A family child care home as defined under 55 Pa.
13 Code § 3290.4 (relating to definitions).

14 "Contribution." A payment made to a child-care provider by
15 an employer to subsidize an employee's eligible child-care
16 costs.

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

18 "Eligible child-care costs." Costs incurred by an employee
19 for services rendered by a child-care provider that are incurred
20 to enable the employee to be gainfully employed by a qualified
21 taxpayer.

22 "Employee." An individual employed by a qualified taxpayer
23 whose job is located within this Commonwealth. The term shall
24 not include:

25 (1) A shareholder, partner or member of an entity
26 subject to tax under Article III.

27 (2) An individual operating as a sole proprietor.

28 (3) An officer of an entity subject to tax under Article
29 IV, VI, VII, VIII or XV.

30 "Qualified taxpayer." A business, partnership, association,

1 corporation, governmental body or unit or agency or other entity
2 that:

3 (1) is subject to a tax imposed under Article III, IV,
4 VI, VII, VIII, IX, XI or XV; and

5 (2) is required under the Internal Revenue Code of 1986
6 (26 U.S.C. § 1 et seq.) to withhold Federal income tax from
7 wages paid to an employee.

8 "Taxable income." A qualified taxpayer's taxable income
9 under Article III, IV, VI, VII, VIII, IX, XI or XV.

10 Section 1903-J. Employer child care contribution tax deduction.

11 (a) General rule.--Notwithstanding any other provision of
12 law, a qualified taxpayer shall be allowed a deduction from the
13 qualified taxpayer's taxable income equal to 110% of the
14 qualified taxpayer's aggregate contribution. This deduction
15 shall be in addition to any tax credit or deduction to which a
16 qualified taxpayer or an employee is entitled under this act.

17 (b) Limitation.--The deduction shall not result in the
18 qualified taxpayer's taxable income being less than zero.

19 (c) Form.--The department shall establish and make available
20 a form which a qualified taxpayer seeking to claim the employer
21 child care contribution tax deduction must complete and file
22 along with the qualified taxpayer's tax return. The form shall
23 require the qualified taxpayer to provide the following:

24 (1) The names, addresses and Social Security numbers of
25 all employees to which the qualified taxpayer made a
26 contribution during the taxable year.

27 (2) The names, addresses and employer identification
28 numbers of the child-care providers that provided child-care
29 services to each participating employee.

30 (3) The amount contributed to each participating

1 employee.

2 Section 1904-J. Exclusion from classes of income.

3 Notwithstanding any other provision of law, up to \$5,000 of
4 the amount paid or incurred by a qualified taxpayer for an
5 employee's eligible child-care costs during the taxable year may
6 not be included in any of the classes of income enumerated under
7 section 303.

8 Section 1905-J. Regulations.

9 (a) Promulgation.--The department shall promulgate
10 regulations to implement the provisions of this article.

11 (b) Guidelines.--The department shall develop written
12 guidelines for the implementation of this article. The
13 guidelines shall be in effect until the department promulgates
14 regulations for the implementation of the provisions of this
15 article.

16 Section 1906-J. Applicability.

17 The provisions of this article shall apply to taxable years
18 beginning after December 31, 2023.

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