

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 1219 Session of  
2023

INTRODUCED BY BRIGGS, FREEMAN, MADDEN, SCHLOSSBERG, SANCHEZ,  
HILL-EVANS, GUENST, GREINER, HANBIDGE, WEBSTER, NEILSON,  
SCOTT, HOGAN AND GREEN, MAY 24, 2023

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,  
AS AMENDED, JUNE 22, 2023

## 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," in corporate net income tax, further providing  
11 for manufacturing innovation and reinvestment deduction.

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

14 Section 1. Section 407.7 of the act of March 4, 1971 (P.L.6,  
15 No.2), known as the Tax Reform Code of 1971, is amended to read:

16 Section 407.7. Manufacturing Innovation and Reinvestment  
17 Deduction.--(a) In order to be eligible to receive a  
18 manufacturing innovation and reinvestment deduction, a taxpayer  
19 must demonstrate to the department a private capital investment  
20 in excess of [sixty million dollars (\$60,000,000)] fifty million  
21 dollars (\$50,000,000) for the creation of new or refurbished

1 manufacturing capacity within [three years of a designated start  
2 date] the applicable time period specified in subsection (b).

3 (b) (1) A taxpayer must advise the department in advance of  
4 the start date of any project for which the taxpayer may seek a  
5 qualified manufacturing innovation and reinvestment deduction. A  
6 taxpayer must attest the taxpayer's intent to meet the  
7 eligibility criteria and provide relevant information pertinent  
8 to the project's size and scope in a manner as determined by the  
9 department.

10 (2) For a private capital investment of less than OR EQUAL <--  
11 TO one hundred fifty million dollars (\$150,000,000), the  
12 following shall apply:

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

15 (ii) Within five years of [a] the project's start date, [a]  
16 the taxpayer must complete to the department's satisfaction an  
17 application on a form and in a manner as determined by the  
18 department to attest that the project has been completed and the  
19 eligibility criteria has been satisfied.

20 (3) For a private capital investment greater than one <--  
21 hundred fifty million dollars (\$150,000,000) ONE HUNDRED FIFTY <--  
22 MILLION ONE DOLLARS (\$150,000,001) and less than two hundred  
23 fifty million dollars (\$250,000,000), the following shall apply:

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

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

1     ~~(4) For a private capital investment greater than two~~ <--  
2     ~~hundred fifty million dollars (\$250,000,000)~~ TWO HUNDRED FIFTY <--  
3     ~~MILLION ONE DOLLARS (\$250,000,001) and less than three hundred~~  
4     ~~fifty million dollars (\$350,000,000), the following shall apply:~~

5         ~~(i) The project must be completed within seven years of the~~  
6     ~~project's start date.~~

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

12     ~~(5) For a private capital investment greater than three~~ <--  
13    ~~hundred fifty million dollars (\$350,000,000) THREE HUNDRED FIFTY~~ <--  
14    ~~MILLION ONE DOLLARS (\$350,000,001), the department shall~~  
15    ~~establish the time period from the project's start date in which~~  
16    ~~the project must be completed and the time period in which the~~  
17    ~~application as described in paragraph (4) must be completed.~~

18         (c) Upon the receipt of the taxpayer's application, the  
19     Department of Revenue [must] shall make a finding [that] whether  
20     the applicant has filed all required State tax reports and  
21     returns for all applicable tax years and paid any balance of  
22     State tax due as determined at settlement, assessment or  
23     determination, and the department, then in conjunction with the  
24     Department of Revenue, shall make an eligibility or satisfaction  
25     determination within ninety days of submission. If the  
26     department makes a satisfaction determination, the department  
27     and the taxpayer shall execute a satisfaction commitment letter  
28     containing the following:

29         (1) The number of new jobs created and their corresponding  
30     description.

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

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

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

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

(6) Any other information as the department deems 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

1 refurbished manufacturing capacity. A taxpayer may utilize the  
2 deduction in an amount not to exceed five per cent of the  
3 private capital investment utilized in the creation of new or  
4 refurbished manufacturing capacity in any one year of the  
5 succeeding ten tax years immediately following the department's  
6 satisfaction determination and the execution of a satisfaction  
7 commitment letter, up to the maximum allowable deduction.

8 (1.3) If a taxpayer executes a satisfaction commitment  
9 letter for more than two concurrent projects with a total  
10 private capital investment exceeding five hundred million  
11 dollars (\$500,000,000), the maximum allowable deduction for any  
12 succeeding project shall be equal to twenty-five per cent of the  
13 private capital investment utilized in the creation of new or  
14 refurbished manufacturing capacity. A taxpayer may utilize the  
15 deduction in an amount not to exceed five per cent of the  
16 private capital investment utilized in the creation of new or  
17 refurbished manufacturing capacity in any one year of the  
18 succeeding twenty tax years immediately following the  
19 department's satisfaction determination and the execution of a  
20 satisfaction commitment letter, up to the maximum allowable  
21 deduction.

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

27 Section 2. This act shall apply to tax years beginning after  
28 December 31, 2023.

29 Section 3. This act shall take effect immediately.