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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 160 Session of  
2019

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INTRODUCED BY QUINN, RYAN, DUNBAR, SIMMONS, BARRAR AND STRUZZI,  
JANUARY 28, 2019

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REFERRED TO COMMITTEE ON VETERANS AFFAIRS AND EMERGENCY  
PREPAREDNESS, JANUARY 28, 2019

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AN ACT

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

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

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

17 ARTICLE XVIII-H

18 ACTIVE VOLUNTEER FIRST RESPONDER

19 EDUCATION TAX CREDIT

20 Section 1801-H. Scope of article.

21 This article relates to the Active Volunteer First Responder  
22 Tax Credit.

1 Section 1802-H. 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 "Active volunteer first responder." A volunteer for a  
6 volunteer fire company or nonprofit emergency medical services  
7 agency who is certified under 35 Pa.C.S. § 79A23 (relating to  
8 certification).

9 "Approved institution of higher learning." Any of the  
10 following:

11 (1) A public college or technical institute that is  
12 established and operated in accordance with the provisions of  
13 the act of March 10, 1949 (P.L.30, No.14), known as the  
14 Public School Code of 1949, by a local sponsor that provides  
15 a two-year, postsecondary, college-parallel, terminal-  
16 general, terminal-technical, out-of-school youth or adult  
17 education program or any combination of the programs.

18 (2) An institution that is part of the State System of  
19 Higher Education under Article XX-A of the Public School Code  
20 of 1949, and all branches and campuses of a State-owned  
21 institution.

22 "Approved program of education." A curriculum or course of  
23 study pursued at an approved institution of higher learning.

24 "Business firm." An entity authorized to do business in this  
25 Commonwealth and subject to taxes imposed under Article III, IV,  
26 VI, VII, VIII, IX, XV or XX or a tax imposed under Article XVI  
27 of the act of May 17, 1921 (P.L.682, No.284), known as The  
28 Insurance Company Law of 1921. The term includes a pass-through  
29 entity, including a pass-through entity the purpose of which is  
30 making contributions under this article and whose shareholders,

1 partners or members are composed of owners or employees of other  
2 business firms.

3 "Contribution." A donation of cash, personal property or  
4 services, the value of which is the net cost of the donation to  
5 the donor or the pro rata hourly wage, including benefits, of  
6 the individual performing the service.

7 "Department." The Department of Community and Economic  
8 Development of the Commonwealth.

9 "Eligible organization." An approved institution of higher  
10 learning that is determined to be eligible by the department.

11 "Eligible student." An active volunteer first responder who  
12 meets the following criteria:

13 (1) Is a resident of this Commonwealth.

14 (2) Has been an active volunteer first responder for a  
15 period of at least one year in this Commonwealth.

16 (3) Has enrolled as a student in an approved program of  
17 education at an approved institution of higher learning.

18 (4) Provides the approved institution of higher learning  
19 with a sworn or official statement by the Office of the State  
20 Fire Commissioner or the chief or president of the volunteer  
21 emergency medical services agency, attesting that the  
22 applicant is a member in good standing of the volunteer  
23 emergency medical services agency or volunteer fire company.

24 "Nonprofit emergency medical services agency." An emergency  
25 medical services agency, as defined in 35 Pa.C.S. § 8103  
26 (relating to definitions), that is chartered as a nonprofit  
27 corporation.

28 "Program." The Active Volunteer First Responder Education  
29 Tax Credit Program established under section 1803-H(a).

30 "Scholarship." An award under this article to pay tuition

1 and school-related fees to attend an approved institution of  
2 higher learning.

3 "School-related fees." A fee charged by an approved  
4 institution of higher learning to all students for books,  
5 instructional materials, technology equipment and services,  
6 uniforms and activities.

7 "Tax credit." The tax credit authorized under this article.

8 "Volunteer fire company." A nonprofit chartered corporation,  
9 association or organization, located in this Commonwealth that  
10 provides fire protection services and may offer other voluntary  
11 emergency services within this Commonwealth.

12 Section 1803-H. Active Volunteer First Responder Education Tax  
13 Credit Program.

14 (a) Establishment.--The Active Volunteer First Responder  
15 Education Tax Credit Program is established to assist active  
16 volunteer first responders with access to higher education by an  
17 approved institution of higher learning. The department shall  
18 administer the program.

19 (b) Eligible organization application.--In order to qualify  
20 for contributions under this article, an eligible organization  
21 must submit information to the department to confirm that the  
22 eligible organization offers accredited degrees or certificate  
23 programs. The information shall be submitted on a form provided  
24 by the department.

25 (c) Restriction on use of contributions.--The contributions  
26 received by an eligible organization from a business firm  
27 claiming a tax credit under this article must be used for  
28 scholarships awarded to eligible students.

29 (d) Publication.--The department shall do all of the  
30 following:

1           (1) Annually publish a list of each eligible  
2           organization under this section in the Pennsylvania Bulletin.

3           (2) Post and update the list under paragraph (1) as  
4           necessary on the publicly accessible Internet website of the  
5           department.

6 Section 1804-H. Business firm.

7           (a) Business firm application.--A business firm may apply to  
8           the department for a tax credit for contributions made to an  
9           eligible organization that appears on the list under section  
10          1803-H(d) (1) on a form provided by the department.

11          (b) Notification.--No later than 60 days after the  
12          organization or business firm has submitted the application  
13          required under this section, the department shall notify the  
14          eligible organization and business firm whether the eligible  
15          organization and business firm meet the requirements under this  
16          article for the fiscal year.

17          (c) Contributions.--A contribution by a business firm to an  
18          eligible organization must be made no later than 60 days  
19          following the approval of an application under subsection (b).

20 Section 1805-H. Award of scholarships.

21          (a) Eligible organizations.--An eligible organization shall  
22          award an eligible student a scholarship of up to \$5,000 per  
23          eligible student to attend an approved institution of higher  
24          learning. The award of a scholarship shall be based on  
25          enrollment status as follows:

26                (1) A full-time student who is enrolled in at least six  
27                credits per semester shall be eligible to receive a  
28                scholarship of up to \$5,000.

29                (2) A part-time student who is enrolled in at least  
30                three credits per semester shall be eligible to receive a

1 scholarship of up to \$2,500.

2 (b) Requirements.--An eligible student must do all of the  
3 following:

4 (1) Apply to the department for a scholarship under the  
5 program.

6 (2) Be enrolled as a student at an approved institution  
7 of higher learning.

8 (3) Be enrolled as a student in an approved program of  
9 education.

10 (4) Obtain signatures on the application attesting to  
11 the individual's status as an active volunteer first  
12 responder of:

13 (i) the chief or president of the volunteer fire  
14 company or volunteer rescue company and another officer  
15 of the volunteer fire company or volunteer rescue  
16 company; or

17 (ii) the chief or president of the emergency medical  
18 services agency and another officer of the emergency  
19 medical services agency.

20 (5) Upon completion of an accredited degree or  
21 certificate program, maintain active volunteer first  
22 responder status for at least five years.

23 (c) Penalty.--If an eligible student does not maintain  
24 active volunteer first responder status for five years upon  
25 completion of approved program of education the eligible student  
26 must pay back 20% per year pro rata of the awarded scholarship.  
27 Section 1806-H. Grant of tax credit.

28 (a) General rule.--In accordance with section 1804-H, the  
29 department shall grant a tax credit certificate. The certificate  
30 may be used against a tax liability owed to the Department of

1 Revenue by a business firm that provides proof of a contribution  
2 to a provider in the taxable year in which the contribution is  
3 made. The business firm may apply the credit against any tax due  
4 under Article III, IV, VI, VII, VIII, IX or XV, except for any  
5 tax withheld by an employer under Article III.

6 (b) Availability of tax credits.--Tax credits under this  
7 section shall be made available by the department on a first-  
8 come, first-served basis.

9 (c) Limitation.--The tax credit may not exceed 50% of the  
10 total amount contributed by a business firm to an eligible  
11 organization during the taxable year of the business firm. The  
12 tax credit shall not exceed \$2,500 annually per business firm.

13 (d) Additional amount.--

14 (1) A business firm that contributes to a provider in  
15 two or more consecutive years shall qualify for a 90% tax  
16 credit for the contributions made in the second year and  
17 every consecutive year of making a contribution to a  
18 provider.

19 (2) Nothing under this paragraph may be construed to  
20 require a business firm to contribute to the same eligible  
21 organization every year in order for the business firm to  
22 qualify for a tax credit under this subsection.

23 (e) Pass-through entity.--

24 (1) If a pass-through entity does not intend to use  
25 each approved tax credit under this section, the pass-through  
26 entity may elect in writing to distribute for no  
27 consideration all or a portion of the credit to shareholders,  
28 members or partners in proportion to the percentage interest  
29 of the shareholder, member or partner in distributions from  
30 the pass-through entity. The credits may be used by the

1 shareholders, members or partners in the taxable year in  
2 which the contribution is made or in the taxable year  
3 immediately following the year in which the contribution is  
4 made. The election shall designate the year in which the  
5 distributed credits are to be used and shall be made  
6 according to procedures established by the Department of  
7 Revenue. A pass-through entity that received a distribution  
8 from a pass-through entity under this paragraph may make a  
9 distribution under this paragraph.

10 (2) A pass-through entity and a shareholder, member or  
11 partner of a pass-through entity may not claim the credit  
12 under this section for the same contribution.

13 (3) A shareholder, member or partner may not carry  
14 forward, carry back, obtain a refund of or sell or assign the  
15 credit.

16 (4) An individual shareholder, partner or member may  
17 apply a credit distributed under this section to income  
18 taxable under Article III to the shareholder, partner or  
19 member, to the spouse of the shareholder, partner or member  
20 or to both, if both the shareholder, partner or member and  
21 the spouse report income on a joint personal income tax  
22 return.

23 Section 1807-H. Amount of tax credit.

24 (a) Limitation.--The total aggregate amount of all tax  
25 credits approved under this article may not exceed \$10,000,000  
26 in a fiscal year.

27 (b) Activities.--A tax credit may not be approved for  
28 activities that are part of a business firm's normal course of  
29 business.

30 (c) Tax liability.--

1           (1) A tax credit granted for any one taxable year may  
2           not exceed the tax liability of a business firm.

3           (2) A tax credit granted to a pass-through entity that  
4           elects to distribute the granted tax credit according to  
5           section 1806-H(a) for any one taxable year to a shareholder,  
6           member or partner may not exceed the tax liability of the  
7           shareholder, member or partner.

8           (d) Use.--A tax credit not used in the taxable year the  
9           contribution was made may not be carried forward or carried back  
10           and is not refundable or transferable.

11           Section 1808-H. Guidelines.

12           The department, in conjunction with the Department of  
13           Revenue, shall establish guidelines to implement this article  
14           within 90 days of the effective date of this section.

15           Section 1809-H. Limitation.

16           A business firm may not apply for a tax credit after the  
17           seventh fiscal year following the effective date of this  
18           section.

19           Section 2. The addition of Article XVIII-H of the act shall  
20           apply to taxable years commencing after December 31, 2018.

21           Section 3. This act shall take effect immediately.