

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 52 Session of 2023

INTRODUCED BY OWLETT, HAMM, BURGOS, SCHLOSSBERG, KINSEY, CIRESI, M. MACKENZIE, KAUFFMAN, STRUZZI, ECKER, MENTZER, PICKETT, FLEMING, ZIMMERMAN, ORTITAY, HARKINS, B. MILLER, JAMES AND ROWE, MARCH 7, 2023

REFERRED TO COMMITTEE ON FINANCE, MARCH 7, 2023

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An  
 2 act relating to the public school system, including certain  
 3 provisions applicable as well to private and parochial  
 4 schools; amending, revising, consolidating and changing the  
 5 laws relating thereto," providing for the Career and  
 6 Technical Education Investment Incentive Program.

7 The General Assembly of the Commonwealth of Pennsylvania  
 8 hereby enacts as follows:

9 Section 1. The act of March 10, 1949 (P.L.30, No.14), known  
 10 as the Public School Code of 1949, is amended by adding an  
 11 article to read:

12 ARTICLE XX-L

13 CAREER AND TECHNICAL EDUCATION

14 INVESTMENT INCENTIVE PROGRAM

15 Section 2001-L. Scope of article.

16 This article relates to the Career and Technical Education  
 17 Investment Incentive Program.

18 Section 2002-L. Definitions.

19 The following words and phrases when used in this article

1 shall have the meanings given to them in this section unless the  
2 context clearly indicates otherwise:

3 "Applicable tax." The liability for taxes imposed under  
4 Articles III, IV, VI, VII, VIII, IX, XV or XX of the Tax Reform  
5 Code of 1971 or a tax under Article XVI of the act of May 17,  
6 1921 (P.L.682, No.284), known as The Insurance Company Law of  
7 1921. The term shall not include a tax withheld by an employer  
8 from an employee under Article III of the Tax Reform Code of  
9 1971.

10 "Area career and technical education school." A specialized  
11 public secondary school established under subarticle (c) of  
12 Article XVIII which is used exclusively or principally for the  
13 provision of career and technical education programs to  
14 individuals preparing to enter the labor market or pursue  
15 postsecondary education.

16 "Business firm." An entity authorized to do business in this  
17 Commonwealth and subject to taxes imposed under Article III, IV,  
18 VI, VII, VIII, IX, XV or XX of the Tax Reform Code of 1971 or a  
19 tax under Article XVI of The Insurance Company Law of 1921. The  
20 term includes a pass-through entity, including a pass-through  
21 entity whose purpose is the making of contributions under this  
22 article and whose shareholders, partners or members are composed  
23 of owners or employees of other business firms.

24 "Career and technical education partnership organization." A  
25 nonprofit entity which meets all of the following:

26 (1) Is exempt from Federal taxation under 26 U.S.C. §  
27 501(c)(3) (relating to exemption from tax on corporations,  
28 certain trusts, etc.).

29 (2) Provides support or expands access to career and  
30 technical education programs.

1           (3) Contributes based on one of the following:

2           (i) At least 80% of its annual cash receipts as  
3           contributions to a participating school for program-  
4           related costs. For purposes of this subparagraph, a  
5           nonprofit entity "contributes" its annual cash receipts  
6           when it expends or otherwise irrevocably encumbers those  
7           funds for expenditure during the then-current fiscal year  
8           of the nonprofit entity or during the next succeeding  
9           fiscal year of the nonprofit entity. A nonprofit entity  
10           shall also include a school district foundation, public  
11           school foundation, charter school foundation or area  
12           career and technical education school foundation.

13           (ii) At least 80% of its annual cash receipts to an  
14           enrollment expansion program. For purposes of this  
15           subparagraph, a nonprofit entity "contributes" its annual  
16           cash receipts to an enrollment expansion program when it  
17           expends or otherwise irrevocably encumbers those funds  
18           for distribution during the then-current fiscal year of  
19           the nonprofit entity or during the next succeeding fiscal  
20           year of the nonprofit entity.

21           (iii) At least 80% of its annual cash receipts to a  
22           combination of expenditures under subparagraphs (i) and  
23           (ii).

24           "Career and technical education program." Any of the  
25           following:

26           (1) A vocational education program approved by the  
27           Department of Education under 22 Pa. Code Ch. 339 (relating  
28           to vocational education).

29           (2) A program that provides educational activities which  
30           meet all of the following:

1           (i) Offer a sequence of courses that:

2               (A) Provide individuals with content aligned  
3               with academic standards and technical knowledge and  
4               skills needed to prepare for further education and  
5               careers in a high-priority occupation.

6               (B) Provide technical skill proficiency, an  
7               industry-recognized credential or a certificate.

8           (ii) Include competency-based applied learning that  
9           contributes to the academic knowledge, higher-order  
10           reasoning and problem-solving skills, work attitudes,  
11           general employability skills, technical skills,  
12           occupation-specific skills and knowledge of all aspects  
13           of an industry, including entrepreneurship, of an  
14           individual.

15   "Charter school." As defined in section 1703-A.

16   "Contribution." The donation of any of the following:

17           (1) Cash to a career and technical education partnership  
18           organization to be used to pay program-related costs.

19           (2) Cash to a career and technical education partnership  
20           organization to be used for an enrollment expansion program.

21           (3) Personal property, including equipment and supplies,  
22           as approved by the participating school.

23           (4) Services, the value of which is the net cost of the  
24           donation to the donor or the pro rata hourly wage, including  
25           benefits, of the individual performing the service, as  
26           approved by the participating school.

27   "Cyber charter school." As defined in section 1703-A.

28   "Department." The Department of Community and Economic  
29   Development of the Commonwealth.

30   "Eligible student." An individual who:

1           (1) Is of school age, as defined in section 2002-B.

2           (2) Is enrolled in a school entity.

3           (3) Intends to enroll in an age-appropriate career and  
4 technical education program.

5           (4) Is a current resident of this Commonwealth.

6           "Enrollment expansion program." A program established to pay  
7 the costs associated with increasing the enrollment of eligible  
8 students in a career and technical education program at  
9 participating schools.

10          "High-priority occupation." A profession that:

11           (1) is high-wage and high-skill for which there is  
12 excess employer demand as identified in the Department of  
13 Labor and Industry's current year's high-priority or in-  
14 demand occupations list or the State System of Higher  
15 Education's workforce needs assessment; or

16           (2) requires a credential, certification, licensing,  
17 postsecondary training, associate's degree, bachelor's  
18 degree, master's degree or doctoral or first professional  
19 degree.

20          "Participating school." A public school, area career and  
21 technical education school, charter school or regional charter  
22 school that chooses to participate in the program.

23          "Pass-through entity." A partnership as defined in section  
24 301(n.0) of the Tax Reform Code of 1971, a single-member limited  
25 liability company treated as a disregarded entity for Federal  
26 income tax purposes or a Pennsylvania S corporation as defined  
27 in section 301(n.1) of the Tax Reform Code of 1971. The term  
28 includes a pass-through entity that owns an interest in a pass-  
29 through entity.

30          "Program." The Career and Technical Education Investment

1 Incentive Program established under this article.

2 "Program-related costs." Cost and fees for rental or  
3 purchase of equipment, materials or supplies used in instructing  
4 a career and technical education program at a participating  
5 school.

6 "Public school." A public elementary school or a public  
7 secondary school at which a resident of this Commonwealth may  
8 legally fulfill the compulsory school attendance requirements of  
9 this act and which meets the applicable requirements of 42  
10 U.S.C. § Ch. 21 Subch. VI (relating to equal employment  
11 opportunities).

12 "Regional charter school." As defined in section 1703-A.

13 "School entity." A public school, area career and technical  
14 education school, charter school, regional charter school or  
15 cyber charter school.

16 "Secondary school." A school with an eleventh grade.

17 "Tax Reform Code of 1971." The act of March 4, 1971 (P.L.6,  
18 No.2), known as the Tax Reform Code of 1971.

19 Section 2003-L. Declaration of policy.

20 The Commonwealth recognizes that businesses need educated and  
21 trained workers. It is the intent of the General Assembly to  
22 foster and encourage private investment in career and technical  
23 education programs and the repair, upkeep, replacement and  
24 upgrading of industry-grade materials and instructional  
25 equipment. Furthermore, it is the intent of the General Assembly  
26 that private investment will open doors of opportunity for  
27 students and enable them to develop the knowledge and skills for  
28 high-demand careers under this article.

29 Section 2004-L. School participation in program.

30 (a) Election to participate.--By October 1, 2023, and each

1 January 1 thereafter, a school entity other than a cyber charter  
2 school may elect to participate in the program under this  
3 article for the following school year.

4 (b) Notice.--A school entity that elects to participate  
5 under subsection (a) shall notify the department of the intent  
6 to participate on a form developed by the department. The notice  
7 under this subsection shall specify all of the following:

8 (1) That the school entity intends to be a participating  
9 school.

10 (2) The amount of program-related costs attributable to  
11 each eligible student. The amount under this paragraph shall  
12 not exceed the amount that would have been attributed to a  
13 student outside of the enrollment expansion program.

14 (c) Participating school responsibilities.--The following  
15 responsibilities shall apply to a participating school:

16 (1) Prior to enrollment of a student, a participating  
17 school shall inform the parent of a student of the rules,  
18 policies and procedures of the participating school,  
19 including any academic policies, disciplinary rules or  
20 administrative procedures. Enrollment of a student in a  
21 participating school shall constitute acceptance of any  
22 rules, policies or procedures of the participating school.

23 (2) A participating school may enroll an eligible  
24 student in a career and technical education program until the  
25 participating school's available seats are filled.

26 Section 2005-L. Establishment and qualification by  
27 organizations.

28 (a) Qualification.--

29 (1) In order to qualify for contributions under this  
30 article, a career and technical education partnership

1 organization must certify to the department that the  
2 organization is eligible to participate in the program.

3 (2) A career and technical education partnership  
4 organization must agree to annually report by October 1,  
5 2023, and each September 1 thereafter, on a form provided by  
6 the department, the following information:

7 (i) The organization is exempt from taxation under  
8 26 U.S.C. § 501(c)(3) (relating to exemption from tax on  
9 corporations, certain trusts, etc.).

10 (ii) The total number of eligible students and the  
11 total amount of contributions awarded per participating  
12 school during the immediately preceding school year  
13 through an enrollment expansion program.

14 (iii) Where the career and technical education  
15 partnership organization collects information on a  
16 county-by-county basis, the total number of eligible  
17 students and the total amount of contributions awarded  
18 during the immediately preceding school year through an  
19 enrollment expansion program to residents of each county.

20 (iv) The names and descriptions of career and  
21 technical education programs and the total amount of the  
22 contributions made to those programs during the  
23 immediately preceding school year.

24 (v) The name of each participating school that works  
25 with businesses that offer internships, apprenticeships  
26 and mentoring programs.

27 (vi) The name of each participating school where  
28 career and technical education programs that received  
29 contributions were implemented as a result of the  
30 contribution during the immediately preceding school



1 year.

2 (vii) Where the career and technical education  
3 partnership organization collects information on a  
4 county-by-county basis, the total number and the total  
5 amount of contributions made during the immediately  
6 preceding school year for career and technical education  
7 programs at participating schools in each county in which  
8 the contributions were made.

9 (viii) The number of credentials earned, including,  
10 but not limited to, a certificate, industry certification  
11 or State license, and the industry or occupation to which  
12 the credential is linked to this program during the  
13 immediately preceding school year.

14 (ix) The number of students employed in high-  
15 priority occupations as a result of participating in the  
16 program.

17 (x) The number of students who secured internships  
18 or apprenticeships for high-priority occupations.

19 (xi) The organization's Federal Form 990 or other  
20 Federal or State form indicating the tax status of the  
21 organization for Federal and State tax purposes, if any,  
22 and a copy of a compilation, review or audit of the  
23 organization's financial statements conducted by a  
24 certified public accounting firm, including an itemized  
25 list of expenditures.

26 (3) A career and technical education partnership  
27 organization shall provide information under paragraph (2) to  
28 the best of the career and technical education partnership  
29 organization's ability.

30 (4) The department shall provide forms to interested

1 career and technical education partnership organizations and  
2 shall post the forms on its publicly accessible Internet  
3 website.

4 (5) The department may not require any other information  
5 to be provided by career and technical education partnership  
6 organizations, except as expressly authorized under this  
7 article.

8 (6) A career and technical education partnership  
9 organization that does not meet the certification  
10 requirements of this article shall not be eligible to  
11 participate in the program.

12 (b) Publication.--The department shall post and update as  
13 necessary a list of each career and technical education  
14 partnership organization qualified under this section on the  
15 department's publicly accessible Internet website.

16 Section 2006-L. Contributions.

17 (a) Designation of contribution.--A contribution made by a  
18 business firm under this article shall be designated for:

19 (1) an enrollment expansion program; or

20 (2) program-related costs in a career and technical  
21 education program.

22 (b) Use of cash contributions.--A participating school shall  
23 keep all cash contributions received under this article in a  
24 restricted account which shall only be used for program-related  
25 costs and enrollment expansion programs.

26 Section 2007-L. Tax credit.

27 (a) Application.--A business firm may apply to the  
28 department for a tax credit certificate for contributions made  
29 to a career and technical education partnership organization  
30 under section 2006-L. A business firm that receives a tax credit

1 under this article shall be subject to the limitations in this  
2 section and section 2008-L.

3 (b) Time of application for credits.--

4 (1) Except as provided under paragraph (2), the  
5 department may accept applications for tax credits available  
6 during fiscal year 2021-2022 no earlier than January 1, 2023,  
7 and for tax credits available each fiscal year thereafter no  
8 earlier than July 1.

9 (2) The application of a business firm for tax credits  
10 available during a fiscal year as part of the second year of  
11 a two-year commitment or as a renewal of a two-year  
12 commitment which was fulfilled in the previous fiscal year  
13 may be accepted no earlier than May 15 preceding the fiscal  
14 year.

15 (c) Tax credit.--The Department of Revenue shall on a first-  
16 come, first-served basis grant a tax credit against an  
17 applicable tax to a business firm providing proof of a  
18 contribution to a career and technical education partnership  
19 organization in the taxable year in which the contribution is  
20 made in accordance with the following:

21 (1) The tax credit shall not exceed 75% of the total  
22 amount contributed during the taxable year by the business  
23 firm.

24 (2) Except as provided under subsection (h), the tax  
25 credit may not exceed \$750,000 annually per business firm for  
26 contributions made to career and technical partnership  
27 organizations.

28 (d) Priority.--Priority for a tax credit certificate under  
29 subsection (c) shall be given to:

30 (1) A business firm that did not receive a tax credit

1 under Article XX-B in the prior fiscal year.

2 (2) A business firm that makes a contribution to a  
3 career and technical education partnership organization  
4 located in the business firm's workforce development area as  
5 described in the Workforce Innovation and Opportunity Act  
6 (Public Law 113-128, 128 Stat. 1425).

7 (e) Additional amount.--Subject to the limitations of  
8 section 2008-L, and in accordance with this section, the  
9 department shall grant a tax credit certificate of up to 90% of  
10 the total amount contributed during the taxable year if the  
11 business firm demonstrates a written commitment to provide the  
12 career and technical education partnership organization with the  
13 same amount for at least two consecutive tax years at the time  
14 of application.

15 (f) Approval of tax credits.--Unless all authorized tax  
16 credits have already been awarded, the department shall give  
17 written notice of its approval to each business firm that  
18 submits a completed application within 30 days following the  
19 date postmarked on the envelope of the completed application.

20 (g) Waiting list.--The department shall maintain a waiting  
21 list of each business firm whose application has not been  
22 approved because all available tax credits have been awarded. A  
23 business firm that is not awarded a tax credit due to a lack of  
24 available tax credits shall be notified of a place on the  
25 waiting list. When a tax credit becomes available, the  
26 department shall award the tax credit to the business firms in  
27 the order in which the business firms were placed on the waiting  
28 list.

29 (h) Temporary increase in maximum tax credits available.--

30 (1) If all tax credits authorized under this section for

1 contributions to career and technical education partnership  
2 organizations have not been awarded as of October 1 of a  
3 fiscal year, the limitations specified in subsection (c)  
4 shall not apply. The following shall apply:

5 (i) The department may accept applications from  
6 October 1 through November 30 from a business firm,  
7 including a business firm that already applied for the  
8 maximum tax credits available under subsections (a) and  
9 (e).

10 (ii) Tax credits awarded under this subsection shall  
11 not exceed 75% of the total amount contributed during the  
12 taxable year by a business firm pursuant to an  
13 application filed under this subsection.

14 (iii) The provisions of subsection (b) shall not  
15 apply to applications for tax credits made under this  
16 subsection.

17 (2) The tax credits awarded under this subsection shall  
18 be awarded on a first-come, first-served basis.

19 (i) Timing of contribution.--A contribution by a business  
20 firm to a career and technical education partnership  
21 organization shall be made no later than 30 days following the  
22 approval of an application under subsection (a).

23 Section 2008-L. Limitations.

24 (a) Amount.--The total aggregate amount of all tax credits  
25 approved for contributions from business firms to career and  
26 technical education partnership organizations may not exceed  
27 \$15,000,000 in a fiscal year. The following shall apply:

28 (1) No more than 10% of the total aggregate amount of  
29 tax credits under this subsection shall be distributed to a  
30 business making a contribution to be used for an enrollment

1 expansion program.

2 (2) No less than 90% of the total aggregate amount of  
3 tax credits under this subsection shall be distributed to a  
4 business making a contribution to pay program-related costs  
5 and for services and personal property contributions.

6 (b) Activities.--No tax credit may be approved for  
7 activities that are a part of a business firm's normal course of  
8 business.

9 (c) Tax liability.--

10 (1) Except as provided under paragraph (2), a tax credit  
11 granted for a taxable year may not exceed the tax liability  
12 of a business firm.

13 (2) In the case of a credit granted to a pass-through  
14 entity which elects to distribute the tax credit under this  
15 article, a tax credit granted for a taxable year and  
16 distributed to a shareholder, member or partner may not  
17 exceed the tax liability of the shareholder, member or  
18 partner.

19 (d) Use.--A tax credit not used by the applicant in the  
20 taxable year the contribution was made or in the year designated  
21 by the shareholder, member or partner to whom the credit was  
22 transferred under this article may not be carried forward or  
23 carried back and is not refundable or transferable.

24 Section 2009-L. Notice of participating schools.

25 By November 1, 2023, and each February 1 thereafter, the  
26 department shall provide all career and technical education  
27 partnership organizations with a list of each participating  
28 school in this Commonwealth located within each county.

29 Section 2010-L. Guidelines.

30 Within 45 days of the effective date of this section, in

1 consultation with the Department of Education, Department of  
2 Revenue and the Department of Labor and Industry, the department  
3 shall develop guidelines to implement the program.

4 Section 2011-L. Annual report to General Assembly.

5 (a) Submittal.--The following shall apply:

6 (1) No later than December 1, 2024, and each December 1  
7 thereafter, the Secretary of Community and Economic  
8 Development shall submit a report to the General Assembly  
9 summarizing the impact of the program provided under this  
10 article. The department shall post the report on its publicly  
11 accessible Internet website.

12 (2) The report shall be submitted to all of the  
13 following:

14 (i) The chairperson and minority chairperson of the  
15 Appropriations Committee of the Senate.

16 (ii) The chairperson and minority chairperson of the  
17 Appropriations Committee of the House of Representatives.

18 (iii) The chairperson and minority chairperson of  
19 the Education Committee of the Senate.

20 (iv) The chairperson and minority chairperson of the  
21 Education Committee of the House of Representatives.

22 (b) Contents.--The report shall include the following  
23 information:

24 (1) The amount of tax credits claimed for contributions  
25 to a career and technical education partnership organization  
26 during the fiscal year.

27 (2) The total cash, personal property and service  
28 contributions made from business firms to career and  
29 technical education partnership organizations.

30 (3) A list of all career and technical education

1 partnership organizations receiving contributions from a  
2 business firm granted a tax credit under this article.

3 (4) The number of high-priority industries participating  
4 in the program.

5 (5) The regional disbursement of tax credits.

6 (6) Other data points deemed relevant or necessary by  
7 the department administering the program.

8 (c) Provision of information.--The department shall provide  
9 information under subsection (b) to the best of the department's  
10 ability.

11 Section 2. Within 10 days of the development of the  
12 guidelines under section 2010-L of the act, the Department of  
13 Community and Economic Development shall transmit notice of the  
14 development of the guidelines to the Legislative Reference  
15 Bureau for publication in the Pennsylvania Bulletin.

16 Section 3. The addition of Article XX-L of the act shall  
17 apply to taxable years commencing after December 31, 2023.

18 Section 4. This act shall take effect as follows:

19 (1) The following shall take effect immediately:

20 (i) The addition of sections 2001-L, 2002-L and  
21 2010-L of the act.

22 (ii) Section 2 of this act.

23 (iii) Section 3 of this act.

24 (iv) This section.

25 (2) The remainder of this act shall take effect  
26 immediately upon publication in the Pennsylvania Bulletin of  
27 the notice under section 2 of this act.