

No. 1986-109

AN ACT

SB 1462

Amending the act of November 29, 1967 (P.L.636, No.292), entitled "An act granting a tax credit to certain business firms who contribute to neighborhood organizations or who engage in activities which tend to upgrade impoverished areas," further providing tax credits for investments made to rehabilitate, expand or improve buildings or land used by private companies which promote community and economic development.

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

Section 1. Section 2 of the act of November 29, 1967 (P.L.636, No.292), known as the Neighborhood Assistance Act, amended July 31, 1968 (P.L.733, No.231), July 30, 1969 (P.L.203, No.81) and November 26, 1978 (P.L.1272, No.304), is amended to read:

Section 2. [As used in this act] *The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:*

(1) "Community services." [means any] *Any* type of counselling and advice, emergency assistance or medical care furnished to individuals or groups in an impoverished area.

(2) "Impoverished area." [means any] *Any* area in Pennsylvania which is certified as such by the Department of Community Affairs and the certification is approved by the Governor. Such certification shall be made on the basis of Federal census studies and current indices of social and economic conditions.

(3) "Neighborhood organization." [means any] *Any* organization performing community services, offering neighborhood assistance, or providing job training, education, or crime prevention in an impoverished area [and], holding a ruling from the Internal Revenue Service of the United States Department of the Treasury that the organization is exempt from income taxation under the provisions of the Internal Revenue Code *and approved by the Department of Community Affairs.*

(4) "Neighborhood assistance." [means furnishing] *Furnishing* financial assistance, labor, material, and technical advice to aid in the physical improvement of any part or all of an impoverished area.

(5) "Business firm." [means any] *Any* business entity authorized to do business in the Commonwealth of Pennsylvania and subject to [the Corporate Net Income Tax Act or a bank, bank and trust company, insurance company, trust company, national bank, savings association, mutual savings bank or building and loan association.] *taxes imposed by Article IV, VI, VII, VIII, IX, X, XIII, XIV, XIV-A, XV or XVI of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971."*

(6) "Job training." [means any] *Any type of instruction to an individual who resides in an impoverished area that enables him to acquire vocational skills so that he can become employable or be able to seek a higher grade of employment.*

(7) "Education." [means any] *Any type of scholastic instruction or scholarship assistance to an individual who resides in an impoverished area that enables him to prepare himself for better life opportunities.*

(8) "Crime prevention." [means any] *Any activity which aids in the reduction of crime in an impoverished area.*

(9) "Enterprise zones." *Specific locations with identifiable boundaries within impoverished areas which are designated as enterprise zones by the Secretary of Community Affairs.*

(10) "Private company." *Any agricultural, industrial, manufacturing or research and development enterprise as defined in section 3 of the act of May 17, 1956 (1955 P.L.1609, No.537), known as the "Pennsylvania Industrial Development Authority Act," or any commercial enterprise as defined in section 3 of the act of August 23, 1967 (P.L.251, No.102), known as the "Industrial and Commercial Development Authority Law."*

(11) "Qualified investments." *Any investments made by a private company which promote community economic development pursuant to a plan which has been developed in cooperation with and approved by a neighborhood organization operating pursuant to a plan for the administration of tax credits approved by the Department of Community Affairs.*

Section 2. Section 3 of the act, amended November 26, 1978 (P.L.1272, No.304), is amended to read:

Section 3. It is hereby declared to be public policy of the Commonwealth of Pennsylvania to encourage investment by business firms in offering neighborhood assistance and providing job training, education, crime prevention, and community services [and], to encourage contributions by business firms to neighborhood organizations which offer and provide such assistance and services *and to promote qualified investments made by private companies to rehabilitate, expand or improve buildings or land which promote community economic development and which occur in portions of impoverished areas which have been designated as enterprise zones.*

Section 3. Section 4 of the act, amended November 26, 1978 (P.L.1272, No.304), is amended to read:

Section 4. Any business firm which engages or contributes to a neighborhood organization which engages in the activities of providing neighborhood assistance, job training or education for individuals, community services, or crime prevention in an impoverished area *or private company which makes qualified investment to rehabilitate, expand or improve buildings or land located within portions of impoverished areas which have been designated as enterprise zones* shall receive a tax credit as provided in section 5 of this act if the Secretary of Community Affairs annually approves the proposal of such business firm *or private company*. The proposal shall set forth the program to be conducted, the impoverished area selected, the estimated amount to be invested in the program and the plans for implementing the program. The

Secretary of Community Affairs is hereby authorized to promulgate rules and regulations for the approval or disapproval of such proposals by business firms *or private companies and provide a listing of all applications received and their disposition in each fiscal year to the General Assembly by October 1 of the following fiscal year.* The total amount of tax credit granted for programs approved under this act [for the first fiscal year] shall not exceed [one million seven hundred fifty thousand dollars (\$1,750,000) to be increased by no more than one million seven hundred fifty thousand dollars (\$1,750,000) each succeeding fiscal year until the total tax credit granted reaches eight million seven hundred fifty thousand dollars (\$8,750,000) and thereafter no more than eight million seven hundred fifty thousand dollars (\$8,750,000) of tax credit shall be approved in any fiscal year] *twelve million seven hundred fifty thousand dollars (\$12,750,000) of tax credit in any fiscal year, four million dollars (\$4,000,000) of which shall be set aside exclusively for private companies which make qualified investments to rehabilitate, expand or improve buildings or land which promote community economic development and which occur in portions of impoverished areas which have been designated as enterprise zones.*

Section 4. Section 5 of the act, amended July 9, 1976 (P.L.925, No.174), is amended to read:

Section 5. The Department of Revenue shall grant a tax credit against any tax due under [Article IV] *Article IV, VI, VII, VIII, IX, X, XIII, XIV, XIV-A, XV or XVI* of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971," [or against any tax due from a bank, bank and trust company, trust company, insurance company, other than a foreign fire or casualty insurance company, national bank, savings association, mutual savings bank or building and loan association, under Article VII, Article VIII or Article IX of the act of March 4, 1971 (P.L.6, No.2), or the act of June 22, 1964 (P.L.16, No.2), known as "The Mutual Thrift Institutions Tax Act"] or any tax substituted in lieu thereof in an amount which shall not exceed fifty per cent of the total amount invested during the taxable year by the business firm *or twenty per cent of qualified investments by a private company* in programs approved pursuant to section 4 of this act: Provided, That a tax credit of up to seventy per cent *of the total amount invested during the taxable year by a business firm or up to thirty per cent of the amount of qualified investments by a private company* may be allowed for investment in programs where activities fall within the scope of special program priorities as defined with the approval of the Governor in regulations promulgated by the Secretary of the Department of Community Affairs. Regulations establishing special program priorities are to be promulgated during the first month of each fiscal year and at such times during the year as the public interest dictates. Such credit shall not exceed two hundred fifty thousand dollars (\$250,000) annually provided that no tax credit shall be granted to any bank, bank and trust company, insurance company, trust company, national bank, savings association, mutual savings bank or building and loan association for activities that are a part of its normal course of business: Provided, That any tax credit not used in the period the investment

was made may be carried over for the next five succeeding calendar or fiscal years until the full credit has been allowed: And, provided further, That the total amount of all tax credits allowed pursuant to this act shall not exceed **[eight million seven hundred fifty thousand dollars (\$8,750,000)]** *twelve million seven hundred fifty thousand dollars (\$12,750,000)* in any one fiscal year.

Section 5. This act shall take effect July 1, 1986.

APPROVED—The 9th day of July, A. D. 1986.

DICK THORNBURGH