pennsylvania
OFFICE OF THE BUDGET

FISCAL NOTE

September 13, 2018

Bill No:	HB 2626	Printer's No:	3964	Sponsor:	Snyder (D)

COST / (SAVINGS)

Fund (s)	2018-19	2019-20
General Fund	$5,000,000	$5,000,000

SUMMARY: Amends the Tax Reform Code, providing for a depressed area tax credit.

ANALYSIS: HB 2626 amends the Tax Reform Code to create a depressed area tax credit. The bill provides for the Secretary of Community and Economic Development to approve up to $5,000,000 annually in tax credits for businesses who contribute to educational programs for students outside of the classroom setting in an area that is certified as "depressed" based on social and economic indices by DCED, and the certification approved by the Governor. Any portion of the credit not used in the taxable year in which it was granted may be carried over by the business for up to seven succeeding years, but the credit must first be applied against the business's tax liability in the current year. The tax credit may not be carried back or used to obtain a refund. The credit may be sold or assigned by the business it was granted to, subject to approval by DCED. Pass through entities may also transfer the credit to shareholders or partners. In both cases, the credit must be used in the taxable year it was transferred or purchased and not carried over.

FISCAL IMPACT: Assuming the Secretary grants the total amount of credits allowed, HB 2626 will result in a net loss of $5,000,000 annually to the General Fund. There may also be minimal costs incurred by DCED and the Department of Revenue to jointly develop guidelines for implementing the bill.