

AN ACT

1 Amending Title 35 (Health and Safety) of the Pennsylvania
2 Consolidated Statutes, providing for property tax relief for
3 volunteer firefighters.

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

6 Section 1. Title 35 of the Pennsylvania Consolidated
7 Statutes is amended by adding a chapter to read

8 CHAPTER 79B

9 PROPERTY TAX RELIEF FOR VOLUNTEER FIREFIGHTERS

10 Sec.

11 79B01. Scope of chapter.

12 79B02. Definitions.

13 79B03. Volunteer Firefighter Tax Aid Program.

14 79B04. Qualifications for tax credits.

15 79B05. Award of tax credits.

16 79B06. Temporary increase in maximum tax credits available.

17 79B07. Limitations.

18 79B08. List of tax relief organizations.

1 79B09. Ineligibility after receiving benefits.

2 § 79B01. Scope of chapter.

3 This article provides provides property tax relief for
4 volunteer firefighters.

5 § 79B02. Definitions.

6 The following words and phrases when used in this chapter
7 shall have the meanings given to them in this section unless the
8 context clearly indicates otherwise:

9 "Applicable tax." A tax due under Article III, IV, VII,
10 VIII, IX, XV or XX of the Tax Reform Code of 1971 or a tax under
11 Article XVI of the act of May 17, 1921 (P.L.682, No.284), known
12 as The Insurance Company Law of 1921.

13 "Applicant." An individual who submits an application to the
14 department for a tax relief payment.

15 "Contribution." A donation of cash, personal property or
16 services, the value of which is the cost of the donation to the
17 donor.

18 "Department." The Department of Community and Economic
19 Development of the Commonwealth.

20 "Fire company." As defined in section 7412 (relating to
21 definitions).

22 "Fire service." As defined in section 7412.

23 "Internal Revenue Code of 1986." The Internal Revenue Code
24 of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.).

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

1 through entity and a qualified Subchapter S trust.

2 "Program." The Volunteer Firefighter Tax Aid Program
3 established under section 79B03 (relating to Volunteer
4 Firefighter Tax Aid Program).

5 "Qualified Subchapter S trust." As defined in section
6 1361(d)(3) of the Internal Revenue Code of 1986.

7 "Recipient." A volunteer firefighter who receives real
8 property relief from a tax relief payment.

9 "Tax credit." A tax credit under this chapter.

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

12 "Tax relief organization." As follows:

13 (1) A nonprofit entity which:

14 (i) is exempt from Federal taxation under section
15 501(c)(3) of the Internal Revenue Code of 1986; and

16 (ii) contributes at least 90% of the nonprofit
17 entity's annual cash receipts to a tax relief program.

18 (2) For the purpose of this definition, a nonprofit
19 entity contributes the nonprofit entity's annual cash
20 receipts to a tax relief program when the nonprofit entity
21 expends or otherwise irrevocably encumbers the funds for
22 distribution during the then-current fiscal year of the
23 nonprofit entity or during the next succeeding fiscal year of
24 the nonprofit entity.

25 (3) The term includes a volunteer firefighter
26 foundation, nonprofit volunteer fire company, volunteer
27 firefighters' relief association, public safety authority or
28 any other organized nonprofit firefighting entity that meets
29 the criteria specified under paragraph (1).

30 "Tax relief payment." A payment to a local school district,

1 municipality, county or other tax jurisdiction towards the
2 property tax bill of a recipient.

3 "Tax relief program." A program, including an application
4 process and a review process, to provide tax relief payments
5 for the purpose of making awards on behalf of volunteer
6 firefighters.

7 "Volunteer firefighter." As defined in section 7412.

8 "Volunteer firefighter company." As defined in section 7802
9 (relating to definitions).

10 "Volunteer firefighters' relief association." As defined in
11 section 7412.

12 § 79B03. Volunteer Firefighter Tax Aid Program.

13 (a) Establishment.--The Volunteer Firefighter Tax Aid
14 Program is established within the department.

15 (b) Qualifications.--In order to qualify for participation
16 in the program, a tax relief organization shall have the
17 following duties:

18 (1) Certify to the department that the tax relief
19 organization is exempt from Federal taxation under section
20 501(c)(3) of the Internal Revenue Code of 1986.

21 (2) Annually report the following information to the
22 department by November 1 of each year:

23 (i) The total number of tax relief payments awarded
24 during the immediately preceding fiscal year to
25 recipients.

26 (ii) The total and average amount of tax relief
27 payments awarded during the immediately preceding fiscal
28 year to recipients.

29 (iii) The total number and total amount of tax
30 relief payments awarded during the immediately preceding

1 fiscal year to recipients in each county in which the tax
2 relief organization awarded tax relief payments.

3 (iv) The total number of tax relief payment
4 applications processed and the amount of application fees
5 charged, either per tax relief payment application or in
6 the aggregate through a third-party processor.

7 (v) The tax relief organization's Federal Form 990
8 or other Federal form indicating the tax status of the
9 tax relief organization for Federal tax purposes, if any,
10 and a copy of a compilation, review or audit of the tax
11 relief organization's financial statements conducted by a
12 certified public accounting firm.

13 (vi) The amount of funds in accounts held by the tax
14 relief organization that has not been spent on tax relief
15 payments and the amount of funds held in accounts as a
16 ratio of the total funds or contributions raised in the
17 fiscal year.

18 (c) Submission.--A tax relief organization shall submit the
19 report under subsection (b) (2) on a form specified by the
20 department. No later than September 1 of each year, the
21 department shall annually distribute sample forms, including the
22 forms on which the reports under subsection (b) (2) are required
23 to be made, to each tax relief organization listed under
24 subsection (f).

25 (d) Relief organizations and authorities.--A volunteer
26 firefighters' relief organization or public safety authority
27 that operates a tax relief organization for the purpose of this
28 chapter shall deposit contributions in a separate account from
29 other tax relief payment funds. The volunteer firefighters'
30 relief organization or public safety authority shall submit the

1 report under subsection (b)(2) to the department in a manner
2 separate from any other report on firefighter or public safety
3 authority activities.

4 (e) Notice.--No later than 60 days after a tax relief
5 organization completes the certification and submits the report
6 under subsection (b), the department shall notify the tax relief
7 organization whether the tax relief organization is qualified to
8 participate in the program.

9 (f) Publication.--The department shall annually submit a
10 list of each tax relief organization qualified to participate in
11 the program to the Legislative Reference Bureau for publication
12 in the Pennsylvania Bulletin. The department shall post and
13 update the list under this subsection as necessary on the
14 department's publicly accessible Internet website.

15 § 79B04. Qualifications for tax credits.

16 (a) Applications.--A business firm may apply to the
17 department for a tax credit under this chapter for a
18 contribution to a tax relief organization on the list under
19 section 79B03(f) (relating to Volunteer Firefighter Tax Aid
20 Program).

21 (b) Availability.--The department shall make tax credits
22 available under this section on a first-come, first-served basis
23 in accordance with limitations specified under this chapter.

24 (c) Contributions.--In order to qualify for a tax credit
25 under this chapter, a business firm shall make a contribution to
26 a tax relief organization no later than 60 days after the
27 department approves the business firm's application under
28 subsection (a). If the business firm does not make a minimum of
29 50% of the full amount of the approved contribution and has not
30 notified the department of the amount of unused contributions

1 within 14 days after the department approves the business firm's
2 application under subsection (a), the department may not approve
3 the business firm's application in the immediately succeeding
4 fiscal year for more than 150% of the actual amount contributed
5 in the previous fiscal year.

6 § 79B05. Award of tax credits.

7 (a) Business firms.--In accordance with section 79B04
8 (relating to qualification for tax credits), the Department of
9 Revenue shall award a tax credit against any applicable tax to a
10 business firm that provides proof of a contribution to a tax
11 relief organization on the list under section 79B03(f) (relating
12 to Volunteer Firefighter Tax Aid Program) in the taxable year in
13 which the contribution is made. The department shall award the
14 tax credit in accordance with the following:

15 (1) Except as provided in paragraph (2), the tax credit
16 shall not exceed 75% of the total amount contributed during
17 the taxable year by the business firm.

18 (2) If the business firm provides a written commitment
19 to provide the tax relief organization with the same amount
20 of contribution for two consecutive tax years, the Department
21 of Revenue shall grant a tax credit of up to 90% of the total
22 amount contributed during the taxable year. The business firm
23 shall provide the written commitment under this paragraph to
24 the department at the time of application under section
25 79B04(a).

26 (3) Except as provided under section 79B06 (relating to
27 temporary increase in maximum tax credits available), for
28 fiscal year 2021-2022 and each fiscal year thereafter, the
29 tax credit shall not exceed \$750,000 annually per business
30 firm.

1 (b) Pass-through entities.--

2 (1) If a pass-through entity does not intend to use all
3 of approved tax credits, the pass-through entity may elect in
4 writing to distribute for no consideration all or a portion
5 of the tax credit to a shareholder, member or partner in
6 proportion to the percentage interest of the shareholder,
7 member or partner in the distribution from the pass-through
8 entity. A shareholder, member or partner may use the tax
9 credit in the taxable year in which the contribution is made
10 or in the taxable year immediately after the year in which
11 the contribution is made. An election under this paragraph
12 shall designate the year in which the distributed tax credits
13 are to be used and shall be made according to procedures
14 established by the Department of Revenue. A pass-through
15 entity that received a distribution of tax credits from a
16 pass-through entity under this paragraph may distribute the
17 tax credits in accordance with this paragraph.

18 (2) A pass-through entity and a shareholder, member or
19 partner of a pass-through entity shall not claim a tax credit
20 for the same contribution.

21 (3) A shareholder, member or partner of a pass-through
22 entity may not carry forward, carry back, obtain a refund of,
23 sell or assign a tax credit.

24 (4) A shareholder, partner or member of a pass-through
25 entity may apply a tax credit against income taxable under
26 Article III of the Tax Reform Code of 1971 for the
27 shareholder, partner or member, the spouse of the
28 shareholder, partner or member or both the shareholder,
29 partner or member and the spouse if filing a joint personal
30 income tax return.

1 (c) Restriction.--No tax credits shall be applied against
2 any tax withheld by an employer from an employee under Article
3 III of the Tax Reform Code of 1971.

4 (d) Deadline for applications.--

5 (1) Except as provided in paragraph (2), the department
6 may accept applications under section 79B04(a) for tax
7 credits available during a fiscal year no earlier than July 1
8 of each fiscal year.

9 (2) The application of a business firm under section
10 79B04(a) for a tax credit available during a fiscal year as
11 part of the second year of a two-year commitment under
12 subsection (a)(2), or as a renewal of a two-year commitment
13 under subsection (a)(2) that was fulfilled in the previous
14 fiscal year, may be accepted by the department no earlier
15 than May 15 preceding the fiscal year. In order to be
16 eligible for the early application date under this paragraph,
17 the business firm's contribution in the second year of a two-
18 year commitment or a renewal of a two-year commitment shall
19 be made to the same tax relief organization.

20 (3) The application for a tax credit submitted on July 1
21 under paragraph (1) for a two-year commitment by a business
22 firm that applied for and was denied a tax credit in the
23 prior fiscal year and had been approved for a tax credit in a
24 prior fiscal year shall be considered before an application
25 from a business firm that does not meet the criteria
26 specified under this paragraph. A business firm seeking a
27 preference under this paragraph shall provide proof of
28 approval of a tax credit in a prior fiscal year in the
29 business firm's application under paragraph (1).

30 (e) Notice.--Unless otherwise requested by a business firm

1 and agreed to by the business firm and the department and unless
2 all authorized tax credits have already been awarded, the
3 following shall apply:

4 (1) For fiscal year 2021-2022 and each fiscal year
5 thereafter, the department shall provide written notice of
6 the department's approval or disapproval of a completed
7 application under section 79B04(a) to the business firm by
8 August 15, or 30 days after receipt of the completed
9 application, whichever is later.

10 (2) For fiscal year 2021-2022 and each fiscal year
11 thereafter, the department shall provide written notice of
12 the department's approval or disapproval of a completed
13 application under section 79B04(a) to the business firm
14 within 30 days after receipt of the completed application.

15 (3) If the department fails to provide the written
16 notice under paragraph (1) or (2) within 10 days after the
17 deadline specified under paragraph (1) or (2), the affected
18 business firm may bring an action for injunction or other
19 appropriate relief in Commonwealth Court.

20 (f) Waiting list.--The department shall maintain a waiting
21 list consisting of each business firm that elects to be on the
22 list and has a pending application under section 79B04(a) that
23 has not been approved under subsection (e) due to a lack of
24 available tax credits. The department shall, by written notice,
25 offer a business firm that has not been issued a tax credit due
26 to a lack of available tax credits a place on the waiting list.
27 When tax credits become available, the department shall award
28 the tax credits to a business firm in the order in which the
29 business firm is placed on the waiting list.

30 § 79B06. Temporary increase in maximum tax credits available.

1 (a) Increase.--If all tax credits authorized for
2 contributions to tax relief organizations have not been awarded
3 as of October 1 of a fiscal year, the limitation on tax credits
4 specified under section 79B07 (relating to limitations) shall
5 not apply for applications under section 79B04(a) (relating to
6 qualifications for tax credits) received by the department from
7 October 1 through November 30 of the fiscal year. The department
8 may accept applications under section 79B04(a) from October 1
9 through November 30 from a business firm, including a business
10 firm that already applied for the maximum tax credits under
11 section 79B05(a) (1) (relating to award of tax credits).

12 (b) Award.--

13 (1) Before the award of tax credits under subsection
14 (a), the department shall first award tax credits applied for
15 by a business firm during the period beginning October 1 and
16 ending November 30 in an amount no greater than the maximum
17 amount of tax credits for which a business firm is eligible
18 under section 79B05(a) (1). The tax credits shall be awarded
19 on a first-come, first-served basis as specified under
20 79B04(b).

21 (2) After the department has awarded tax credits under
22 paragraph (1), the department shall award any remaining tax
23 based on the total amount of tax credits for which
24 applications are received under subsection (a) during the
25 period beginning October 1 and ending November 30 of the
26 fiscal year.

27 (i) If the total amount of tax credits applied for
28 by all business firms under subsection (a) does not
29 exceed the total amount of tax credits that remain
30 available as of October 1, less the tax credits awarded

1 under paragraph (1), the department shall award a
2 business firm the full amount of tax credits applied for
3 in the business firm's application under this subsection.

4 (ii) If the total amount of tax credits applied for
5 by all business firms subsection (a) exceeds the total
6 amount of tax credits that remain available for award as
7 of October 1, less the tax credits awarded under
8 paragraph (1), the department shall award a business firm
9 the amount of tax credits determined by multiplying the
10 amount of tax credits applied for by the business firm by
11 a ratio, the numerator of which is the total amount of
12 tax credits that remain available for award as of October
13 1, less the tax credits awarded under paragraph (1), and
14 the denominator of which is the total amount of tax
15 credits applied for by all business firms under this
16 subsection.

17 (c) Maximum amount.--Notwithstanding subsection (a), the
18 maximum amount of tax credits for which a business firm is
19 eligible under section 79B05(a)(1) shall apply to an application
20 approved by the department on or after December 1 of a fiscal
21 year.

22 (d) Applicability.--Subsection (a) shall not apply to an
23 application for a tax credit made under section 79B05(a)(2). A
24 tax credit awarded under subsection (a) shall not exceed 75% of
25 the total amount contributed during the taxable year by a
26 business firm.

27 § 79B07. Limitations.

28 (a) Amount.--The total aggregate amount of all tax credits
29 awarded by the department for contributions from business firms
30 to tax relief organizations shall not exceed \$10,000,000 in a

1 fiscal year.

2 (b) Activities.--The department may not award a tax credit
3 for activities that are a part of a business firm's normal
4 course of business.

5 (c) Tax liability.--

6 (1) Except as provided under paragraph (2), the
7 department may not award a tax credit to a business firm for
8 any one taxable year that exceeds the tax liability of the
9 business firm.

10 (2) In the case of a pass-through entity that elects to
11 distribute a tax credit to a shareholder, member or partner
12 under section 79B05(b) (relating to award of tax credits),
13 the tax credit awarded and distributed for any one taxable
14 year may not exceed the tax liability of the shareholder,
15 member or partner.

16 (d) Carry forward.--A tax credit not used by the applicant
17 in the taxable year the contribution was made or in the year
18 designated by a shareholder, member or partner under section
19 79B05(b) may not be carried forward or carried back and is not
20 refundable or transferable.

21 (e) Nontaxable income.--A tax relief payment shall not be
22 considered to be taxable income for the purposes of Article III
23 of the Tax Reform Code of 1971.

24 (f) Appropriation.--A tax relief payment shall not
25 constitute an appropriation to a local school district,
26 municipality, county or other tax jurisdiction of the recipient.
27 § 79B08. List of tax relief organizations.

28 The Department of Revenue shall provide a list of all tax
29 relief organizations receiving contributions from business firms
30 that received tax credits to the General Assembly by June 30 of

1 each year.

2 § 79B09. Ineligibility after receiving benefits.

3 If a recipient is no longer associated with a volunteer
4 firefighting company, the volunteer fire company shall provide
5 written notice to a tax relief organization that the recipient
6 no longer qualifies for a tax relief payment. Upon receipt of
7 the notice under this section, the tax relief organization shall
8 discontinue a tax relief payment on behalf of the recipient.

9 Section 2. This act shall take effect in 60 days.