

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1259 Session of 2023

INTRODUCED BY T. DAVIS, SHUSTERMAN, BURGOS, MADDEN, McNEILL, KAZEEM, SIEGEL, GALLAGHER, SCHLOSSBERG, HILL-EVANS, ZABEL, SANCHEZ, PROBST, VENKAT, HOHENSTEIN, BOROWSKI, GUENST, CIRESI, KINKEAD, STURLA, OTTEN, MERSKI, CEPHAS, D. WILLIAMS, ZIMMERMAN, HOWARD, O'MARA, MALAGARI, CONKLIN, KRAJEWSKI, KINSEY, RABB, ROZZI, HANBIDGE, CEPEDA-FREYTIZ, ABNEY, TAKAC, CERRATO, GREEN, DONAHUE, FREEMAN AND WARREN, MAY 24, 2023

REFERRED TO COMMITTEE ON FINANCE, MAY 24, 2023

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," in Pennsylvania Child and Dependent Care
 11 Enhancement Tax Credit Program, further providing for credit
 12 for child and dependent care employment-related expenses.

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

15 Section 1. Section 1903-I(a) and (b) of the act of March 4,
 16 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, added
 17 July 8, 2022 (P.L.513, No.53), are amended and the section is
 18 amended by adding a subsection to read:

19 Section 1903-I. Credit for child and dependent care employment-
 20 related expenses.

1 (a) Tax credit.--[For taxable years beginning after December
2 31, 2021, a] A taxpayer who receives a credit under section 21
3 of the Internal Revenue Code of 1986 may claim a tax credit
4 against the taxpayer's tax liability in accordance with this
5 section.

6 [(b) Amount of tax credit.--The amount of the tax credit
7 under subsection (a) shall be equal to 30% of:

8 (1) the actual amount of employment-related expenses
9 incurred by the taxpayer and claimed for the Federal tax
10 credit under section 21 of the Internal Revenue Code of 1986
11 during the prior taxable year, or the following, as
12 applicable, whichever is less:

13 (i) \$3,000 for one qualifying individual with
14 respect to the taxpayer; or

15 (ii) \$6,000 for two or more qualifying individuals
16 with respect to the taxpayer; multiplied by

17 (2) the applicable percent, with respect to the
18 taxpayer, in effect for the taxable year beginning after
19 December 31, 2021, and ending before January 1, 2023.]

20 (b.1) Amount of tax credit in subsequent tax years.--For
21 taxable years beginning after December 31, 2022, and ending
22 before January 1, 2028, the amount of the tax credit under
23 subsection (a) shall be equal to the following:

24 (1) For the taxable year beginning after December 31,
25 2022, and ending before January 1, 2024, 30% of the actual
26 amount of employment-related expenses incurred by the
27 taxpayer and claimed for the Federal tax credit under section
28 21 of the Internal Revenue Code of 1986 during the prior
29 taxable year, or the following, whichever is less:

30 (i) \$3,000 for one qualifying individual with

1 respect to the taxpayer; or

2 (ii) \$6,000 for two or more qualifying individuals
3 with respect to the taxpayer.

4 (2) For the taxable year beginning after December 31,
5 2023, and ending before January 1, 2025, 35% of the actual
6 amount of employment-related expenses incurred by the
7 taxpayer and claimed for the Federal tax credit under section
8 21 of the Internal Revenue Code of 1986 during the prior
9 taxable year, or the following, whichever is less:

10 (i) \$3,500 for one qualifying individual with
11 respect to the taxpayer; or

12 (ii) \$7,000 for two or more qualifying individuals
13 with respect to the taxpayer.

14 (3) For the taxable year beginning after December 31,
15 2024, and ending before January 1, 2026, 40% of the actual
16 amount of employment-related expenses incurred by the
17 taxpayer and claimed for the Federal tax credit under section
18 21 of the Internal Revenue Code of 1986 during the prior
19 taxable year, or the following, whichever is less:

20 (i) \$4,000 for one qualifying individual with
21 respect to the taxpayer; or

22 (ii) \$8,000 for two or more qualifying individuals
23 with respect to the taxpayer.

24 (4) For the taxable year beginning after December 31,
25 2025, and ending before January 1, 2027, 45% of the actual
26 amount of employment-related expenses incurred by the
27 taxpayer and claimed for the Federal tax credit under section
28 21 of the Internal Revenue Code of 1986 during the prior
29 taxable year, or the following, whichever is less:

30 (i) \$4,500 for one qualifying individual with

1 respect to the taxpayer; or
2 (ii) \$9,000 for two or more qualifying individuals
3 with respect to the taxpayer.

4 (5) For the taxable year beginning after December 31,
5 2026, and ending before January 1, 2028, 50% of the actual
6 amount of employment-related expenses incurred by the
7 taxpayer and claimed for the Federal tax credit under section
8 21 of the Internal Revenue Code of 1986 during the prior
9 taxable year, or the following, whichever is less:

10 (i) \$5,000 for one qualifying individual with
11 respect to the taxpayer; or

12 (ii) \$10,000 for two or more qualifying individuals
13 with respect to the taxpayer.

14 * * *

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