



Senate Finance Committee

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BILL SUMMARY

SENATE BILL 122, PN 95 (SENATOR O'PAKE)

Summary:

Amends the Tax Reform Code to increase the employer Job Creation Tax Credit from \$1,000 to \$3,000 per employee.

A company shall be entitled to a tax credit of \$3,000, as approved by the department, for each new job created after the effective date of this act and before June 30, 2010. New jobs eligible for the special stimulus tax credit under this paragraph shall be deemed created to the extent that the company's monthly average employment during the special stimulus tax credit term exceeds the company's average employment during the three years preceding the start date.

On and after July 1, 2010, a company may claim a tax credit of up to \$3,000, as approved by the department, for each job created during any year of the approved tax credit term, based upon the quality and overall impact of the jobs.

Determination of new job created shall be as follows:

- A. New jobs shall be deemed created in year one to the extent that the company's average employment by quarter during year one exceeds the company's average employment level during the company's base period.
- B. New jobs shall be deemed created in year two to the extent that the company's average employment by quarter during year two exceeds the company's average employment by quarter during year one.
- C. New jobs shall be deemed created in year three to the extent that the company's average employment by quarter during year three exceeds the company's average employment by quarter during year two.

Prior Legislation:

This legislation was previously introduced by Senator O'Pake as Senate Bill 1358 of the 2007-08 legislative session.

Current Law:

Current law provides that a company may claim a tax credit of \$1,000 per new job created.

Current determination of new jobs created is as follows:

1. New jobs shall be deemed created in year one to the extent that the company's average employment by quarter during year one exceeds the company's average employment level during the company's base period.
2. New jobs shall be deemed created in year two to the extent that the company's average employment by quarter during year two exceeds the company's average employment by quarter during year one.
3. New jobs shall be deemed created in year three to the extent that the company's average employment by quarter during year three exceeds the company's average employment by quarter during year two.