

Legislative Alert

PENNSYLVANIA MANUFACTURING TAX CREDIT (MTC) PROGRAM

Atlas Insight assists companies from all industry sectors and geographies to negotiate and secure tax credits and incentives for business investment and job creation/retention.

The professionals at Atlas Insight are industry leaders in the field of corporate site selection and incentive procurement.

We help to choose locations for all types of business facilities that meet the long-term needs of those operations, while helping to achieve overall corporate goals.

Our team has extensive experience in all corporate sectors and has consulted on many sensitive projects for some of the world's largest corporations. We strive for excellence with every client.

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Target Audience: Manufacturers Creating New Full-Time Jobs in Pennsylvania

Overview of Legislation

In January 2018, the Department of Community & Economic Development ("DCED") issued Guidelines for the new Manufacturing Tax Credit ("MTC") Program created under Act 84 of 2016 (HB 1198) passed on July 13th, 2016. The new tax credit targets manufacturers increasing the payroll for new, full-time employees by at least \$1 million over a 12-month period.

Credit Description

This Program has been allocated \$4 million in annual funding, with applications reviewed and approved on a **first-come, first-served** basis. If approved, the MTC is valued at up to 5% of new payroll for full-time jobs created over a 12-month period. The resulting tax credit may be applied against 100% of the taxpayer's corporate income tax liability, or for pass-through entities, it may be passed through to offset 100% the respective shareholder's tax liability. This credit has a 3-year carryforward, and companies that do not have sufficient tax liability may sell the credit to another business or individual in exchange for cash.

Eligibility

The DCED will begin accepting applications starting January, 2018.

Applications must be submitted and approved prior to the start of the project. An approved manufacturing company has 12 months from an agreed upon Start Date to create at least \$1 million in new, qualified payroll. Qualifying new full-time jobs must pay at least 100% of the county average wage, be offered company-paid health benefits and be maintained for 5 years from Start Date.

If projects involve the creation of new jobs over multiple years, then applications may be submitted for successive 12-month hiring periods. However, the \$1 million new payroll requirement must be met separately for each application.

It should be noted that receipt of a MTC does not preclude companies from applying for other incentive and tax credit programs offered through DCED, and ***Atlas Insight may be able to secure additional incentives for your expansion.***

Recommended Action

If your company is considering expanding or locating a new manufacturing operation in Pennsylvania, the MTC could present a valuable opportunity.

The experts at Atlas Insight have the experience and resources to navigate you through the application, monetization, and compliance steps, while ensuring to maximize the available credit. Contact us today so that we can evaluate if your expansion is a fit for this Program.

