

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2234 Session of
1990

INTRODUCED BY FLICK, TRELLO, CESSAR, HERSHEY, GODSHALL, JACKSON,
HAGARTY, GEIST, SAURMAN, FOX, FARMER, WOGAN, NAHILL, STABACK,
SCRIMENTI, E. Z. TAYLOR, JOHNSON, NOYE, MARSICO, S. H. SMITH
AND HESS, JANUARY 24, 1990

REFERRED TO COMMITTEE ON FINANCE, JANUARY 24, 1990

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," providing for special income tax provisions for
11 senior citizens who receive limited pension incomes.

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

14 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
15 the Tax Reform Code of 1971, is amended by adding a section to
16 read:

17 Section 304.1. Special Tax Treatment for Senior Citizens
18 with Limited Pension Incomes.--(a) The General Assembly, in
19 recognition of the powers contained in section 2(b)(ii) of
20 Article VIII of the Constitution of Pennsylvania, which provides
21 for the establishing as a class or classes of subjects of

1 taxation the property or privileges of persons who, because of
2 age, are determined to be in need of special tax provisions,
3 hereby declares as its legislative intent and purpose to
4 implement such power under such constitutional provisions by
5 establishing special tax provisions as provided in this section.

6 (b) For the tax year 1990 and each year thereafter, senior
7 citizens who meet the standards of eligibility established by
8 this section shall be deemed a separate class or subject of
9 taxation and, as such, shall be entitled to the benefits of the
10 special provisions of this section.

11 (c) Any claim for special tax treatment shall be determined
12 in accordance with the following:

13 (1) Senior citizens with compensation not exceeding twelve
14 thousand dollars (\$12,000) who receive limited pension income in
15 the current tax year and whose Pennsylvania filing status is
16 single or married filing separately may exclude from
17 Pennsylvania taxable income an amount equal to maximum
18 excludable taxable income minus pension income actually received
19 in the current tax year. The maximum amount of excludable
20 taxable income for senior citizens with a filing status of
21 single or married filing separately is twenty-five thousand
22 dollars (\$25,000).

23 (2) Senior citizens with compensation not exceeding eighteen
24 thousand dollars (\$18,000) who receive limited pension income in
25 the current year and whose Pennsylvania filing status is married
26 filing jointly may exclude from Pennsylvania taxable income an
27 amount equal to maximum excludable taxable income minus pension
28 income actually received in the current tax year. The maximum
29 amount of excludable taxable income for senior citizens with a
30 filing status of married filing jointly is thirty-five thousand

1 dollars (\$35,000).

2 (d) For the purposes of this section, the following terms
3 shall have the following meanings:

4 (1) "Limited pension income" means income received by
5 payments commonly recognized as old age or retirement benefits
6 which are less than twenty-five thousand dollars (\$25,000) for
7 individuals with a Pennsylvania filing status of single or
8 married filing separately and less than thirty-five thousand
9 dollars (\$35,000) for individuals with a Pennsylvania filing
10 status of married filing jointly. For purposes of this section,
11 the term "limited pension income" shall not include Social
12 Security payments.

13 (2) "Pension income" means income received by payments
14 commonly recognized as old age or retirement benefits paid to
15 persons retired from service after reaching a specific age or
16 after a stated period of employment. For purposes of this
17 section, the term "pension income" shall not include Social
18 Security payments made by the Federal Government.

19 (3) "Senior citizen" means an individual who is fifty-nine
20 years of age or older in the tax year in which the taxable
21 income is to be excluded. In the case when excludable income is
22 derived by a husband and wife who file a joint return for the
23 taxable year and only one spouse satisfies the age requirements
24 set forth in this definition, then both the husband and wife
25 shall be treated as satisfying the age requirement. The term
26 "senior citizen" does not include individuals whose filing
27 status is single or married filing separately with Pennsylvania
28 taxable income exceeding thirty-five thousand dollars (\$35,000)
29 or include individuals whose filing status is married filing
30 jointly with Pennsylvania taxable income exceeding fifty

1 thousand dollars (\$50,000).

2 (e) The department shall promulgate the necessary rules and
3 regulations to implement the provisions of this section.

4 Section 2. This act shall take effect January 1, 1991.