

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 532 Session of
1997

INTRODUCED BY E. Z. TAYLOR, PETTIT, GEORGE, SCHRODER, DENT,
FICHTER, GORDNER, BAKER, L. I. COHEN, WALKO, CURRY, RUBLEY,
EGOLF, ARMSTRONG, GIGLIOTTI, VAN HORNE, PLATTS, STEIL, WAUGH,
THOMAS, MAITLAND, C. WILLIAMS, SHANER, SANTONI, SAINATO,
SCRIMENTI, STEELMAN, TRICH, B. SMITH, LEDERER, OLASZ,
JAROLIN, TRELLO, BELARDI, COLAFELLA, ADOLPH, SATHER,
PETRARCA, GRUPPO, SURRA, KENNEY, GANNON, SAYLOR, FEESE,
McCALL, CAWLEY, MILLER, JOSEPHS, BUNT, DALLY, BENNINGHOFF,
BARD, LUCYK, NAILOR, PESCI, DeLUCA, TIGUE, YOUNGBLOOD, BEBKO-
JONES, HENNESSEY, ZUG, HERMAN, MICOZZIE, FLICK, HUTCHINSON,
STABACK, ROONEY, TRUE, CORNELL, EACHUS, BOSCOLA, BROWNE,
McNAUGHTON, LAUGHLIN, COY, ROBERTS, SEMMEL, FORCIER, CIVERA,
ROSS, RAYMOND, HORSEY, RAMOS, SEYFERT, GEIST AND DERMODY,
FEBRUARY 12, 1997

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED, MARCH 30, 1998

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 an exclusion from the Pennsylvania
11 personal income tax of earnings expended for child care; AND <—
12 FURTHER PROVIDING FOR TRANSFERS NOT SUBJECT TO INHERITANCE
13 TAX.

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

16 Section 1. Section 303(a)(1) of the act of March 4, 1971
17 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended

1 March 13, 1974 (P.L.179, No.32), is amended to read:

2 Section 303. Classes of Income.--(a) The classes of income
3 referred to above are as follows:

4 (1) Compensation. All salaries, wages, commissions, bonuses
5 and incentive payments whether based on profits or otherwise,
6 fees, tips and similar remuneration received for services
7 rendered whether directly or through an agent and whether in
8 cash or in property except income derived from the United States
9 Government for active duty outside the Commonwealth of
10 Pennsylvania as a member of its armed forces. Notwithstanding
11 the foregoing, an amount equal to any reasonable and necessary
12 expenses incurred by a person legally responsible for the care
13 of any children, for the care of those children during any
14 period of time the person is engaged in performing services in
15 connection with the person's employment, whether the care be in-
16 home or at any licensed Pennsylvania child care facility, shall
17 be excluded from income taxed as compensation.

18 * * *

19 ~~Section 2. The Department of Revenue shall promulgate rules~~ <—
20 ~~and regulations to carry out the provisions of this act and~~
21 ~~shall undertake to inform the public of this act.~~

22 ~~Section 3. This act shall apply to tax years beginning on or~~
23 ~~after January 1, 1999.~~

24 ~~Section 4. This act shall take effect immediately.~~

25 SECTION 2. SECTION 2111 OF THE ACT IS AMENDED BY ADDING A <—
26 SUBSECTION TO READ:

27 SECTION 2111. TRANSFERS NOT SUBJECT TO TAX.--* * *

28 (S) TRANSFERS OF PROPERTY FROM A CHILD TO A PARENT ARE
29 EXEMPT FROM INHERITANCE TAX. FOR THE PURPOSE OF THIS SUBSECTION,
30 A CHILD IS A PERSON EIGHTEEN YEARS OF AGE OR YOUNGER OR TWENTY-

1 TWO YEARS OF AGE OR YOUNGER AND A FULL-TIME STUDENT.

2 SECTION 3. THE DEPARTMENT OF REVENUE SHALL PROMULGATE RULES
3 AND REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS ACT RELATING
4 TO THE EXCLUSION OF CHILD-CARE EXPENSES FROM COMPENSATION AND
5 SHALL UNDERTAKE TO INFORM THE PUBLIC OF THIS ACT.

6 SECTION 4. THIS ACT SHALL APPLY AS FOLLOWS:

7 (1) THE AMENDMENT OF SECTION 303(A)(1) OF THE ACT SHALL
8 APPLY TO TAX YEARS BEGINNING ON OR AFTER JANUARY 1, 1999.

9 (2) THE ADDITION OF SECTION 2111(S) OF THE ACT SHALL
10 APPLY TO THE ESTATES OF DECEDENTS DYING ON OR AFTER THE
11 EFFECTIVE DATE OF THIS ACT.

12 SECTION 5. THIS ACT SHALL TAKE EFFECT IN 60 DAYS.