

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1218 Session of
1997

INTRODUCED BY PETTIT, FLICK, HERSHEY, COY, JAROLIN, ARMSTRONG,
STABACK, HENNESSEY, GEIST, HANNA, SATHER, MELIO, MILLER,
DeLUCA, BARD, E. Z. TAYLOR, WALKO, TIGUE, McCALL, LAUGHLIN,
LEH, MARKOSEK, OLASZ, STERN, SHANER, CORRIGAN, CIVERA,
COLAFELLA AND FAIRCHILD, APRIL 8, 1997

REFERRED TO COMMITTEE ON FINANCE, APRIL 8, 1997

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," further defining "claimant"; and further
11 providing for special tax provisions.

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

14 Section 1. Section 301(c.2) of the act of March 4, 1971
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended
16 December 13, 1991 (P.L.373, No.40), is amended to read:

17 Section 301. Definitions.--The following words, terms and
18 phrases when used in this article shall have the meaning
19 ascribed to them in this section except where the context
20 clearly indicates a different meaning. Any reference in this
21 article to the Internal Revenue Code shall include the Internal

1 Revenue Code of 1954, as amended to the date on which this
2 article is effective:

3 * * *

4 (c.2) "Claimant" means a person who is subject to the tax
5 imposed under this article, is not a dependent of another
6 person, but is entitled to claim against such tax the poverty
7 tax provisions as provided by this act. For purposes of the
8 special income tax provisions contained in section 304, a
9 husband and wife who file a joint Pennsylvania tax return shall
10 be considered joint claimants for special income tax
11 forgiveness, even if one spouse is a dependent of the other.

12 * * *

13 Section 2. Section 304 of the act, amended December 13, 1991
14 (P.L.373, No.40) and June 16, 1994 (P.L.279, No.48), is amended
15 to read:

16 Section 304. Special Tax Provisions for Poverty.--(a) The
17 General Assembly, in recognition of the powers contained in
18 section 2(b)(ii) of Article VIII of the Constitution of the
19 Commonwealth of Pennsylvania which provides therein for the
20 establishing as a class or classes of subjects of taxation the
21 property or privileges of persons who, because of poverty are
22 determined to be in need of special tax provisions hereby
23 declares as its legislative intent and purpose to implement such
24 power under such constitutional provision by establishing
25 special tax provisions as hereinafter provided in this act.

26 (b) The General Assembly having determined that there are
27 persons within this Commonwealth whose incomes are such that
28 imposition of a tax thereon would deprive them and their
29 dependents of the bare necessities of life and having further
30 determined that poverty is a relative concept inextricably

1 joined with actual income and the number of people dependent
2 upon such income deems it to be a matter of public policy to
3 provide special tax provisions for that class of persons
4 hereinafter designated to relieve their economic burden.

5 (c) For the taxable year 1974 and each year thereafter any
6 claimant who meets the following standards of eligibility
7 established by this act as the test for poverty shall be deemed
8 a separate class of subject of taxation, and, as such, shall be
9 entitled to the benefit of the special provisions of this act.

10 (d) Any claim for special tax provisions hereunder shall be
11 determined in accordance with the following:

12 [(1) If the poverty income of the claimant during an entire
13 taxable year is six thousand three hundred dollars (\$6,300) or
14 less, the claimant shall be entitled to a refund or forgiveness
15 of any moneys which have been paid over to (or would except for
16 the provisions of this act be payable to) the Commonwealth under
17 the provisions of this article, with an additional income
18 allowance of three thousand dollars (\$3,000) for the first
19 additional dependent and an additional income allowance of three
20 thousand dollars (\$3,000) for each additional dependent of the
21 claimant.

22 (2) If the poverty income of the claimant during an entire
23 taxable year does not exceed the poverty income limitations
24 prescribed by clause (1) by more than the dollar category
25 contained in subclauses (i), (ii), (iii), (iv), (v), (vi),
26 (vii), (viii) or (ix) of this clause, the claimant shall be
27 entitled to a refund or forgiveness based on the percentage
28 prescribed in such subclauses of any moneys which have been paid
29 over to (or would except for the provisions herein be payable
30 to) the Commonwealth under this article:

1 (i) Ninety per cent if not in excess of one hundred dollars
2 (\$100).
3 (ii) Eighty per cent if not in excess of two hundred dollars
4 (\$200).
5 (iii) Seventy per cent if not in excess of three hundred
6 dollars (\$300).
7 (iv) Sixty per cent if not in excess of four hundred dollars
8 (\$400).
9 (v) Fifty per cent if not in excess of five hundred dollars
10 (\$500).
11 (vi) Forty per cent if not in excess of six hundred dollars
12 (\$600).
13 (vii) Thirty per cent if not in excess of seven hundred
14 dollars (\$700).
15 (viii) Twenty per cent if not in excess of eight hundred
16 dollars (\$800).
17 (ix) Ten per cent if not in excess of nine hundred dollars
18 (\$900).]

19 (3) A claimant whose Pennsylvania filing status is single or
20 married filing separately in the current tax year and whose
21 poverty income does not exceed the base figure shall be entitled
22 to a refund or forgiveness of any moneys which have been paid
23 over to (or would except for the provisions of this act be
24 payable to) the Commonwealth under the provisions of this
25 article, with an additional income allowance of two thousand
26 dollars (\$2,000) for each additional dependent. In the 1997 tax
27 year, the base figure shall be six thousand five hundred dollars
28 (\$6,500). In each succeeding tax year, the base figure shall be
29 adjusted to reflect the increase in the cost-of-living, as
30 determined by the United States Department of Labor.

1 (4) A claimant whose Pennsylvania filing status is married
2 filing jointly in the current tax year and whose poverty income
3 does not exceed the base figure shall be entitled to a refund or
4 forgiveness of any moneys which have been paid over to (or would
5 except for the provisions of this act be payable to) the
6 Commonwealth under the provisions of this article with an
7 additional income allowance of two thousand dollars (\$2,000) for
8 each additional dependent. In the 1997 tax year, the base figure
9 shall be thirteen thousand dollars (\$13,000). In each succeeding
10 tax year, the base figure shall be adjusted to reflect the
11 increase in the cost-of-living as determined by the United
12 States Department of Labor.

13 (5) If the poverty income of the claimant during an entire
14 taxable year does not exceed the poverty income limitations
15 prescribed by clause (1) or (2) by more than the dollar category
16 contained in subclause (i), (ii), (iii), (iv), (v), (vi), (vii),
17 (viii) or (ix) of this clause, the claimant shall be entitled to
18 a refund or forgiveness based on the percentage prescribed in
19 such subclauses of any moneys which have been paid over to (or
20 would except for the provisions herein be payable to) the
21 Commonwealth under this article:

22 (i) Ninety per cent if not in excess of two hundred dollars
23 (\$200).

24 (ii) Eighty per cent if not in excess of four hundred
25 dollars (\$400).

26 (iii) Seventy per cent if not in excess of six hundred
27 dollars (\$600).

28 (iv) Sixty per cent if not in excess of eight hundred
29 dollars (\$800).

30 (v) Fifty per cent if not in excess of one thousand dollars

1 (\$1,000).

2 (vi) Forty per cent if not in excess of one thousand two
3 hundred dollars (\$1,200).

4 (vii) Thirty per cent if not in excess of one thousand four
5 hundred dollars (\$1,400).

6 (viii) Twenty per cent if not in excess of one thousand six
7 hundred dollars (\$1,600).

8 (ix) Ten per cent if not in excess of one thousand eight
9 hundred dollars (\$1,800).

10 (e) The Department of Revenue shall, by regulation,
11 establish the necessary procedures whereby an individual who
12 qualified for one hundred per cent tax forgiveness in the tax
13 year immediately preceding the current year be exempt from tax
14 withholding and filing a tax return in the current tax year.
15 Notwithstanding any provision of this section, even though an
16 individual is exempt from withholding in a certain tax year, the
17 individual is responsible for filing a tax return if he does not
18 qualify for one hundred per cent tax forgiveness in the tax
19 year. This subsection shall apply to the tax year immediately
20 following the year in which this subsection takes effect, and to
21 each tax year thereafter.

22 Section 3. Except for section 304(e) of the act, this act
23 shall apply to all tax years beginning on or after January 1,
24 1997.

25 Section 4. This act shall take effect immediately.