

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 256 Session of  
2001

INTRODUCED BY COY, DeWEESE, LESCOVITZ, READSHAW, GORDNER,  
BELARDI, SANTONI, ALLEN, CALTAGIRONE, VEON, M. BAKER, BARRAR,  
BEBKO-JONES, BELFANTI, BLAUM, BROWNE, CAPPABIANCA, CAPPELLI,  
CIVERA, L. I. COHEN, COLAFELLA, CURRY, DALEY, DeLUCA, EACHUS,  
FREEMAN, GEORGE, GRUCELA, HERMAN, HERSHEY, HESS, HORSEY,  
JOSEPHS, KAISER, KENNEY, LAUGHLIN, LAWLESS, LEVDANSKY, LUCYK,  
MANN, McCALL, MCGILL, McILHATTAN, MICHLOVIC, MUNDY, PETRARCA,  
PETRONE, PRESTON, ROONEY, SAINATO, SATHER, SEMMEL, SHANER,  
SOLOBAY, STABACK, STEELMAN, STURLA, SURRA, TRAVAGLIO, TRELLO,  
WALKO, WANSACZ, WASHINGTON, C. WILLIAMS, WILT, WOJNAROSKI,  
WRIGHT, YEWIC, YOUNGBLOOD, YUDICHAK, ZUG AND D. EVANS,  
JANUARY 29, 2001

REFERRED TO COMMITTEE ON FINANCE, JANUARY 29, 2001

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 providing for personal income tax  
11 definitions; and providing for a higher education credit  
12 against personal income tax.

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

15 Section 1. Section 301 of the act of March 4, 1971 (P.L.6,  
16 No.2), known as the Tax Reform Code of 1971, is amended by  
17 adding a definition to read:

18 Section 301. Definitions.--The following words, terms and

phrases when used in this article shall have the meaning ascribed to them in this section except where the context clearly indicates a different meaning. Unless specifically provided otherwise, any reference in this article to the Internal Revenue Code shall include the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.), as amended to January 1, 1997:

\* \* \*

(o.2a) "Qualified institution of higher education" means an educational institution which has the authority from a state to confer degrees for the satisfactory completion of programs in postsecondary education.

\* \* \*

Section 2. The act is amended by adding a section to read:

Section 304.1. Credit for Higher Education.--(a) A taxpayer is entitled to a credit against the tax imposed by this article in accordance with this section.

(b) A taxpayer is eligible for the credit under this section if any of the following clauses apply:

(1) The taxpayer is an individual who:

(i) is matriculated at a qualified institution of higher education; and

(ii) pays more than half of the taxpayer's tuition at that institution.

(2) The taxpayer:

(i) is the parent of a child who is matriculated at a qualified institution of higher education; and

(ii) pays more than half of that child's tuition at that institution.

(3) The taxpayer:

1     (i) is the spouse of an individual who is matriculated at a  
2 qualified institution of higher education; and

3     (ii) pays more than half of that individual's tuition at  
4 that institution.

5     (c) The amount of the credit under subsection (b) shall be  
6 the per cent specified in section 302(a)(2) or (b)(2) times up  
7 to five thousand dollars (\$5,000) of the amount spent by the  
8 taxpayer on:

9         (1) tuition for the taxpayer under subsection (b)(1);

10        (2) tuition for each child under subsection (b)(2); and

11        (3) tuition for the spouse under subsection (b)(3).

12     Section 3. The addition of sections 301(o.2a) and 304.1 of  
13 the act shall apply to taxable years beginning after December  
14 31, 1998.

15     Section 4. This act shall take effect immediately.