

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 677 Session of 2011

INTRODUCED BY ADOLPH, HARRIS, KILLION, BAKER, BOYD, CALTAGIRONE, CARROLL, COHEN, D. COSTA, DeLUCA, DENLINGER, J. EVANS, FLECK, GABLER, GEIST, GEORGE, GIBBONS, GINGRICH, GOODMAN, GRELL, HALUSKA, HARHART, HESS, HICKERNELL, M.K. KELLER, KOTIK, KULA, MAJOR, MANN, MARSICO, MILLARD, MILLER, MILNE, M. O'BRIEN, O'NEILL, PEIFER, PETRARCA, PICKETT, QUIGLEY, SABATINA, SANTONI, SCAVELLO, STEVENSON, SWANGER, J. TAYLOR, VULAKOVICH, WAGNER AND WATSON, FEBRUARY 14, 2011

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 14, 2011

AN ACT

1 Amending the act of June 27, 2006 (1st Sp.Sess., P.L.1873,
2 No.1), entitled "An act providing for taxation by school
3 districts, for the State funds formula, for tax relief in
4 first class cities, for school district choice and voter
5 participation, for other school district options and for a
6 task force on school cost reduction; making an appropriation;
7 prohibiting prior authorized taxation; providing for
8 installment payment of taxes; restricting the power of
9 certain school districts to levy, assess and collect taxes;
10 and making related repeals," further providing for the
11 definition of "income"; and providing for the definition of
12 "Social Security substitute pension."

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

15 Section 1. The definition of "income" in section 1303 of the
16 act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as
17 the Taxpayer Relief Act, is amended and the section is amended
18 by adding a definition to read:

19 Section 1303. Definitions.

20 The following words and phrases when used in this chapter

1 shall have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 * * *

4 "Income." All income from whatever source derived,
5 including, but not limited to:

6 (1) Salaries, wages, bonuses, commissions, income from
7 self-employment, alimony, support money, cash public
8 assistance and relief.

9 (2) The gross amount of any pensions or annuities,
10 including railroad retirement benefits for calendar years
11 prior to 1999 and 50% of railroad retirement benefits for
12 calendar years 1999 [and thereafter] through 2009.

13 (3) All benefits received under the Social Security Act
14 (49 Stat. 620, 42 U.S.C. § 301 et seq.), except Medicare
15 benefits, for calendar years prior to 1999, and 50% of all
16 benefits received under the Social Security Act, except
17 Medicare benefits, for calendar years 1999 [and thereafter]
18 through 2009.

19 (4) All benefits received under State unemployment
20 insurance laws and veterans' disability payments.

21 (5) All interest received from the Federal or any state
22 government or any instrumentality or political subdivision
23 thereof.

24 (6) Realized capital gains and rentals.

25 (7) Workers' compensation.

26 (8) The gross amount of loss of time insurance benefits,
27 life insurance benefits and proceeds, except the first \$5,000
28 of the total of death benefit payments.

29 (9) Gifts of cash or property, other than transfers by
30 gift between members of a household, in excess of a total

1 value of \$300.

2 The term does not include surplus food or other relief in kind
3 supplied by a governmental agency, property tax or rent rebate
4 or inflation dividend. For calendar years 2010 and thereafter,
5 "income" shall not include 50% of all benefits received under
6 the Social Security Act, except Medicare benefits, and 50% of
7 any Social Security substitute pension.

8 * * *

9 "Social Security substitute pension." A pension received as
10 a result of a person's employment by a government entity or an
11 instrumentality of a government entity if such pension is, in
12 whole or in part, provided in lieu of old age and survivors
13 benefit payments under the Social Security Act (49 Stat. 620, 42
14 U.S.C. § 301 et seq.). The term includes Tier I railroad
15 retirement benefits. The amount of the pension that qualifies as
16 a "Social Security substitute pension" shall not exceed the
17 maximum Federal old age and survivors benefit payments to which
18 an individual eligible for such payments would be entitled, less
19 any Federal old age and survivors benefit payments received
20 under the Social Security Act for employment covered under such
21 act.

22 * * *

23 Section 2. This act shall apply to claims filed for calendar
24 year 2011 and each year thereafter.

25 Section 3. This act shall take effect immediately.