

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 406 Session of 2011

INTRODUCED BY BROWNE, ORIE, WAUGH, ERICKSON, FOLMER, RAFFERTY, ROBBINS, GORDNER, EARLL, BRUBAKER, PIPPY, MENSCH, FONTANA, KASUNIC AND YUDICHAK, FEBRUARY 4, 2011

REFERRED TO FINANCE, FEBRUARY 4, 2011

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 classes of income for  
 11 purposes of the personal income tax.

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

14 Section 1. Section 303(a.3) of the act of March 4, 1971  
 15 (P.L.6, No.2), known as the Tax Reform Code of 1971, added June  
 16 29, 2002 (P.L.559, No.89), is amended to read:

17 Section 303. Classes of Income.--\* \* \*

18 (a.3) The cost of property commonly referred to as Section  
 19 179 Property may be treated as a deductible expense only to the  
 20 extent allowable under the version of section 179 of the  
 21 Internal Revenue Code in effect at the time the property is  
 22 placed in service [or under section 179 of the Internal Revenue

1 Code of 1986 (26 U.S.C. § 179), whichever is earlier]. The basis  
2 of Section 179 Property shall be reduced, but not below zero,  
3 for costs treated as a deductible expense. The amount of the  
4 reduction shall be the amount deducted on a return and not  
5 disallowed, regardless of whether the deduction results in a  
6 reduction of income.

7 \* \* \*

8 Section 2. The amendment of section 303(a.3) of the act  
9 shall apply to property placed in service after December 31,  
10 2011.

11 Section 3. This act shall take effect immediately.