

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1422 Session of 2021

INTRODUCED BY WHEATLEY, ROZZI, N. NELSON, SCHLOSSBERG, SANCHEZ, KINSEY, DRISCOLL, KENYATTA, DEASY AND SIMS, MAY 14, 2021

REFERRED TO COMMITTEE ON FINANCE, MAY 14, 2021

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," in personal income tax, further providing for  
 11 classes of income; and, in corporate net income tax, further  
 12 providing for definitions.

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

15 Section 1. Section 303 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 subsection to read:

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

19 (a.10) The following apply:

20 (1) An additional deduction shall be allowed from taxable  
 21 income for an employer's qualified first-year wages on the  
 22 annual personal income tax return, which shall be in the  
 23 following amount:

1 (i) Ten per cent deduction for not less than 120 hours  
2 worked and thirty per cent deduction for not less than 400 hours  
3 worked for an employe who is a veteran of the United States  
4 Armed Forces or National Guard and:

5 (A) is a member of a family receiving assistance from the  
6 Supplemental Nutrition Assistance Program (SNAP) for at least  
7 three months during a fifteen-month period ending on the hiring  
8 date;

9 (B) was hired within one year of discharge or release from  
10 active duty or was unemployed for at least six months in the  
11 year ending on the hiring date and is entitled to compensation  
12 for a service-connected disability; or

13 (C) has had aggregate periods of unemployment of not less  
14 than four weeks and not more than six months during the one-year  
15 period ending on the employe's hiring date.

16 (ii) Nine per cent deduction for not less than 120 hours  
17 worked and twenty-seven per cent deduction for not less than 400  
18 hours worked for an employe receiving Temporary Assistance for  
19 Needy Families (TANF).

20 (iii) Eight per cent deduction for not less than 120 hours  
21 worked and twenty-four per cent deduction for not less than 400  
22 hours worked for an employe who was not less than 18 years of  
23 age nor more than 39 years of age at the employe's hiring date  
24 and is a member of a family that:

25 (A) has received assistance from SNAP for six months during  
26 the one-year period ending on the hiring date; or

27 (B) received assistance from SNAP for a total of three  
28 months during the five months ending on the employe's hiring  
29 date.

30 (iv) Seven per cent deduction for not less than 120 hours

1 worked and twenty-one per cent deduction for not less than 400  
2 hours worked for an employe who has received rehabilitative  
3 assistance under the act of December 20, 1988 (P.L.1306,  
4 No.167), known as the Vocational Rehabilitation Act.

5 (v) Six per cent deduction for not less than 120 hours  
6 worked and eighteen per cent deduction for not less than 400  
7 hours worked for an employe who has been convicted of a felony  
8 and was hired not more than one year after the employe was  
9 convicted or released from prison, whichever is later.

10 (vi) Five per cent deduction for not less than 120 hours  
11 worked and fifteen per cent deduction for not less than 400  
12 hours worked for an employe who received Federal Supplemental  
13 Security Income (SSI) during any month ending within the sixty-  
14 day period prior to the employe's hiring date.

15 (2) The department may request any documentation the  
16 department deems necessary from an employer to verify that the  
17 employer qualifies for the deduction under this subsection.

18 (3) The deduction under this subsection shall not result in  
19 taxable income being less than zero.

20 (4) For the purposes of this subsection, the following terms  
21 or phrases shall have the following meanings:

22 (i) "Hiring date" means the date on which the employer hired  
23 an employe.

24 (ii) "Qualified first-year wages" means the qualified wages  
25 paid to an employe for services rendered during the one-year  
26 period beginning on the employe's hiring date.

27 (iii) "Qualified wages" means the wages paid or incurred by  
28 an employer during the taxable year to a member of an employe  
29 group listed under paragraph (1).

30 (iv) "Veteran" means a former member of the military or

1 naval service of the United States or National Guard who:  
2 (A) served on active duty for more than one hundred eighty  
3 days;  
4 (B) was discharged or released from active duty for a  
5 service-connected disability; or  
6 (C) was not on active duty during the sixty-day period  
7 ending on the hiring date.

8 \* \* \*

9 Section 2. Section 401(3)1 of the act is amended by adding a  
10 phrase to read:

11 Section 401. Definitions.--The following words, terms, and  
12 phrases, when used in this article, shall have the meaning  
13 ascribed to them in this section, except where the context  
14 clearly indicates a different meaning:

15 \* \* \*

16 (3) "Taxable income." 1. \* \* \*

17 (b.2) The following apply:

18 (1) An additional deduction shall be allowed from taxable  
19 income for an employer's qualified first-year wages, which shall  
20 be in the following amount:

21 (i) Ten per cent deduction for not less than 120 hours  
22 worked and thirty per cent deduction for not less than 400 hours  
23 worked for an employe who is a veteran of the United States  
24 Armed Forces or National Guard and:

25 (A) is a member of a family receiving assistance from the  
26 Supplemental Nutrition Assistance Program (SNAP) for at least  
27 three months during a fifteen-month period ending on the hiring  
28 date;

29 (B) was hired within one year of discharge or release from  
30 active duty or was unemployed for at least six months in the

1 year ending on the hiring date and is entitled to compensation  
2 for a service-connected disability; or

3 (C) has had aggregate periods of unemployment of not less  
4 than four weeks and not more than six months during the one-year  
5 period ending on the employe's hiring date.

6 (ii) Nine per cent deduction for not less than 120 hours  
7 worked and twenty-seven per cent deduction for not less than 400  
8 hours worked for an employe receiving Temporary Assistance for  
9 Needy Families (TANF).

10 (iii) Eight per cent deduction for not less than 120 hours  
11 worked and twenty-four per cent deduction for not less than 400  
12 hours worked for an employe who was not less than 18 years of  
13 age nor more than 39 years of age at the employe's hiring date  
14 and is a member of a family that:

15 (A) has received assistance from the SNAP for six months  
16 during the one-year period ending on the hiring date; or

17 (B) received assistance from the SNAP for a total of three  
18 months during the five months ending on the employe's hiring  
19 date.

20 (iv) Seven per cent deduction for not less than 120 hours  
21 worked and twenty-one per cent deduction for not less than 400  
22 hours worked for an employe who has received rehabilitative  
23 assistance under the act of December 20, 1988 (P.L.1306,  
24 No.167), known as the Vocational Rehabilitation Act.

25 (v) Six per cent deduction for not less than 120 hours  
26 worked and eighteen per cent deduction for not less than 400  
27 hours worked for an employe who has been convicted of a felony  
28 and was hired not more than one year after the employe was  
29 convicted or released from prison, whichever is later.

30 (vi) Five per cent deduction for not less than 120 hours

1 worked and fifteen per cent deduction for not less than 400  
2 hours worked for an employe who received Federal Supplemental  
3 Security Income (SSI) during any month ending within the sixty-  
4 day period prior to the employe's hiring date.

5 (2) The department may request any documentation the  
6 department deems necessary from an employer to verify that the  
7 employer qualifies for the deduction under this phrase.

8 (3) The deduction under this phrase shall not result in  
9 taxable income being less than zero.

10 (4) For the purposes of this phrase, the following terms or  
11 phrases shall have the following meanings:

12 (i) "Hiring date" means the date on which the employer hired  
13 an employe.

14 (ii) "Qualified first-year wages" means the qualified wages  
15 paid to an employe for services rendered during the one-year  
16 period beginning on the employe's hiring date.

17 (iii) "Qualified wages" means the wages paid or incurred by  
18 an employer during the taxable year to a member of an employe  
19 group listed under paragraph (1).

20 (iv) "Veteran" means a former member of the military or  
21 naval service of the United States or National Guard who:

22 (A) served on active duty for more than one hundred eighty  
23 days;

24 (B) was discharged or released from active duty for a  
25 service-connected disability; or

26 (C) was not on active duty during the sixty-day period  
27 ending on the hiring date.

28 \* \* \*

29 Section 3. This act shall take effect in 60 days.