

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE BILL

## No. 2406

Session of  
2000

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INTRODUCED BY HABAY, MAYERNIK, TRELLO, KAISER, MAHER, ZIMMERMAN,  
ADOLPH, ALLEN, BATTISTO, L. I. COHEN, M. COHEN, COLAFELLA,  
COY, CURRY, FARGO, FRANKEL, HARHAI, JOSEPHS, LAUGHLIN,  
McILHATTAN, McNAUGHTON, MELIO, MYERS, PIPPY, READSHAW,  
SAINATO, SAYLOR, SCRIMENTI, SHANER, THOMAS, TULLI, WILLIAMS  
AND WILT, MARCH 21, 2000

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AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,  
AS AMENDED, APRIL 12, 2000

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## 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.

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

14 Section 1. Section 301(d) of the act of March 4, 1971  
15 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended  
16 April 23, 1998 (P.L.239, No.45), is amended ~~and the section is~~ <—  
17 ~~amended by adding a clause to read:~~

18 Section 301. Definitions.--The following words, terms and  
19 phrases when used in this article shall have the meaning  
20 ascribed to them in this section except where the context

1 clearly indicates a different meaning. Unless specifically  
2 provided otherwise, any reference in this article to the  
3 Internal Revenue Code shall include the Internal Revenue Code of  
4 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.), as amended to  
5 January 1, 1997:

6 \* \* \*

7 (d) "Compensation" means and shall include salaries, wages,  
8 commissions, bonuses and incentive payments whether based on  
9 profits or otherwise, fees, tips and similar remuneration  
10 received for services rendered, whether directly or through an  
11 agent, and whether in cash or in property.

12 The term "compensation" shall not mean or include: (i)  
13 periodic payments for sickness and disability other than regular  
14 wages received during a period of sickness or disability; or  
15 (ii) disability, retirement or other payments arising under  
16 workmen's compensation acts, occupational disease acts and  
17 similar legislation by any government; or (iii) payments  
18 commonly recognized as old age or retirement benefits paid to  
19 persons retired from service after reaching a specific age or  
20 after a stated period of employment; or (iv) payments commonly  
21 known as public assistance, or unemployment compensation  
22 payments by any governmental agency; or (v) payments to  
23 reimburse actual expenses; or (vi) payments made by employers or  
24 labor unions, including payments made pursuant to a cafeteria  
25 plan qualifying under section 125 of the Internal Revenue Code  
26 of 1986 (Public Law 99-514, 26 U.S.C. § 125), for employee  
27 benefit programs covering hospitalization, sickness, disability  
28 or death, supplemental unemployment benefits or strike benefits:  
29 Provided, That the program does not discriminate in favor of  
30 highly compensated individuals as to eligibility to participate,

1 payments or program benefits; or (vii) any compensation received  
2 by United States servicemen serving in a combat zone; or (viii)  
3 payments received by a foster parent for in-home care of foster  
4 children from an agency of the Commonwealth or a political  
5 subdivision thereof or an organization exempt from Federal tax  
6 under section 501(c)(3) of the Internal Revenue Code of 1954  
7 which is licensed by the Commonwealth or a political subdivision  
8 thereof as a placement agency; or (ix) payments made by  
9 employers or labor unions for employee benefit programs covering  
10 social security or retirement; or (x) personal use of an  
11 employer's owned or leased property or of employer-provided  
12 ~~services; or (xi) qualified transportation fringes.~~ <—

13 \* \* \*

14 ~~(e.4) "Qualified transportation fringe" has the meaning~~  
15 ~~given in section 132(f) of the Internal Revenue Code of 1986~~  
16 ~~(Public Law 99-514, 26 U.S.C. § 132), as amended at any time.~~

17 SERVICES; OR (XI) ANY FRINGE BENEFIT THAT QUALIFIES AS A <—  
18 QUALIFIED TRANSPORTATION FRINGE UNDER SECTION 132(F) OF THE  
19 INTERNAL REVENUE CODE OF 1986, AS AMENDED AT ANY TIME: PROVIDED,  
20 THAT THE LIMITS ON EXCLUSION FROM COMPENSATION SHALL BE THE SAME  
21 LIMITS IMPOSED FOR FEDERAL TAX PURPOSES.

22 \* \* \*

23 Section 2. The amendment ~~or addition~~ of section 301(d) and <—  
24 ~~(e.4)~~ shall apply to taxable years beginning after December 31,  
25 1998.

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