

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**SENATE BILL**

**No. 491**      Session of  
2001

INTRODUCED BY COSTA, MELLOW, M. WHITE, O'PAKE, THOMPSON,  
BOSCOLA, LOGAN, MUSTO, WAGNER AND KASUNIC, FEBRUARY 15, 2001

REFERRED TO FINANCE, FEBRUARY 15, 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.

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 to read:

17 Section 301. Definitions.--The following words, terms and  
18 phrases when used in this article shall have the meaning  
19 ascribed to them in this section except where the context  
20 clearly indicates a different meaning. Unless specifically  
21 provided otherwise, any reference in this article to the  
22 Internal Revenue Code shall include the Internal Revenue Code of

1 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.), as amended to  
2 January 1, 1997:

3 \* \* \*

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

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

1 children from an agency of the Commonwealth or a political  
2 subdivision thereof or an organization exempt from Federal tax  
3 under section 501(c)(3) of the Internal Revenue Code of 1954  
4 which is licensed by the Commonwealth or a political subdivision  
5 thereof as a placement agency; or (ix) payments made by  
6 employers or labor unions for employe benefit programs covering  
7 social security or retirement; or (x) personal use of an  
8 employer's owned or leased property or of employer-provided  
9 services; or (xi) any fringe benefit that qualifies as a  
10 qualified transportation fringe under section 132(f) of the  
11 Internal Revenue Code of 1986, as amended at any time: Provided,  
12 That the limits on exclusion from compensation shall be the same  
13 limits imposed for Federal tax purposes.

14 \* \* \*

15 Section 2. The amendment of section 301(d) of the act shall  
16 apply to taxable years beginning after December 31, 2000.

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