

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2137 Session of 2021

INTRODUCED BY WENTLING, PEIFER, MIZGORSKI, HILL-EVANS, LONGIETTI, ROZZI, BROOKS, RYAN, R. MACKENZIE, BERNSTINE, MALAGARI, CIRESI, JAMES, PENNYCUICK, QUINN, MERSKI AND WEBSTER, DECEMBER 7, 2021

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, DECEMBER 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.

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

14 Section 1. Section 303 of the act of March 4, 1971 (P.L.6,
15 No.2), known as the Tax Reform Code of 1971, is amended by
16 adding a subsection to read:

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

18 ~~(a.11) Any amount of principal and interest canceled by the <--
19 United States Secretary of Education under section 455(m) of the
20 Higher Education Act of 1965 (Public Law 89-329, 20 U.S.C. §
21 1087e(m)) shall be excluded from income under this article.~~

1 (A.11) THE FOLLOWING SHALL NOT BE SUBJECT TO TAX UNDER THIS <--

2 ARTICLE:

3 (1) ANY AMOUNT OF PRINCIPAL AND INTEREST CANCELED BY THE  
4 UNITED STATES SECRETARY OF EDUCATION UNDER SECTION 455(M) OF THE  
5 HIGHER EDUCATION ACT OF 1965 (PUBLIC LAW 89-329, 20 U.S.C.  
6 1087E(M)).

7 (2) ANY AMOUNT OF PRINCIPAL AND INTEREST EXCLUDED AS GROSS  
8 INCOME BY REASON OF DISCHARGE DURING THE EXCLUSIONARY PERIOD  
9 UNDER SECTION 108(F)(5) OF THE INTERNAL REVENUE CODE OF 1986, AS  
10 AMENDED BY SECTION 9675 OF SUBTITLE G OF TITLE IX OF THE  
11 AMERICAN RESCUE PLAN ACT OF 2021 (PUBLIC LAW 117-2, 135 STAT.  
12 4). FOR THE PURPOSES OF THIS CLAUSE, THE PHRASE "EXCLUSION  
13 PERIOD" MEANS THE PERIOD OF TIME AFTER DECEMBER 31, 2020, AND  
14 BEFORE JANUARY 1, 2026.

15 \* \* \*

16 Section 2. The addition of section 303(a.11) of the act  
17 shall apply to taxable years beginning after December 31, 2020.

18 Section 3. This act shall take effect immediately.