

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.

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

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

16 Section 303. Classes of Income.--* * *

17 (a.8) The following shall apply:

18 (1) An amount equal to seventy-five per cent of the amount
19 paid as dues to a homeowners association shall be deductible
20 from taxable income on the annual personal income tax return.
21 The amount paid as dues to a homeowners association allowable as

1 a deduction under this subsection shall not result in taxable
2 income being less than zero.

3 (2) For purposes of this subsection:

4 (i) The term "homeowners association" shall mean a legal
5 entity created for the purpose of developing and managing a
6 community of homes. Characteristics of a "homeowners
7 association" shall include the authority to enforce covenants,
8 conditions and restrictions of the community and the authority
9 or responsibility to manage common amenities of the community.

10 (ii) The term "dues" shall mean any fee or payment required
11 of a homeowner for membership and participation in a homeowners
12 association.

13 * * *

14 Section 2. The addition of section 303(a.8) of the act shall
15 apply to taxable years beginning after December 31, 2012.

16 Section 3. This act shall take effect January 1, 2013, or
17 immediately, whichever is later.