

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1564 Session of
1979

INTRODUCED BY RYAN, VROON, MULLEN, IRVIS, C. GEORGE AND WACHOB,
JUNE 27, 1979

REFERRED TO COMMITTEE ON FINANCE, JUNE 27, 1979

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 defining the term "net gains or income."

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

13 Section 1. Subsection (a) of section 303, act of March 4,
14 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971,"
15 added August 31, 1971 (P.L.362, No.93), is amended by adding
16 clauses to read:

17 Section 303. Classes of Income.--(a) The classes of income
18 referred to above are as follows:

19 * * *

20 (3.1) One-time exclusion of gain from sale of principal
21 residence by individual who has attained age fifty-five. At the
22 election of the taxpayer, "net gains or income" does not include

1 gain from the sale or exchange of property if (i) the taxpayer
2 has attained the age of fifty-five before the date of such sale
3 or exchange, and (ii) during the five-year period ending on the
4 date of the sale or exchange, such property has been owned and
5 used by the taxpayer as his principal residence for periods
6 aggregating three years or more.

7 (3.2) Limitations. The amount of the gain excluded from
8 gross income under clause (3.1) shall not exceed one hundred
9 thousand dollars (\$100,000) (fifty thousand dollars (\$50,000) in
10 the case of a separate return by a married individual). Clause
11 (3.1) shall not apply to any sale or exchange by the taxpayer if
12 an election by the taxpayer or his spouse under clause (3.2)
13 with respect to any other sale or exchange is in effect. In the
14 case of any sale or exchange after July 26, 1978, this clause
15 shall be applied by not taking into account any election made
16 with respect to a sale or exchange on or before such date.

17 (3.3) Property of deceased spouse. For purposes of clause
18 (3.1), in the case of an unmarried individual whose spouse is
19 deceased on the date of the sale or exchange of property if (i)
20 the deceased spouse (during the five-year period ending on the
21 date of the sale or exchange) satisfied the holding and use
22 requirements of subclause (ii) of clause (3.1) with respect to
23 such property, and (ii) no election by the deceased spouse under
24 clause (3.1) is in effect with respect to a prior sale or
25 exchange, then such individual shall be treated as satisfying
26 the holding and use requirements of subclause (ii) of clause
27 (3.1) with respect to such property.

28 (3.4) Property used in part as principal residence. In the
29 case of property only a portion of which, during the five-year
30 period ending on the date of the sale or exchange, has been

1 owned and used by the taxpayer as his principal residence for
2 periods aggregating three years or more, clause (3.1) shall
3 apply with respect to so much of the gain from the sale or
4 exchange of such property as is determined, under regulations
5 prescribed by the Secretary of Revenue, to be attributable to
6 the portion of the property so owned and used by the taxpayer.

7 Section 2. This act shall take effect immediately and shall
8 be retroactive to July 26, 1978.