

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2290 Session of
1993

INTRODUCED BY PETTIT, NOVEMBER 24, 1993

REFERRED TO COMMITTEE ON FINANCE, NOVEMBER 24, 1993

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 "claimant"; and further
11 providing for special tax provisions.

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

14 Section 1. Sections 301(c.2) and 304 of the act of March 4,
15 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971,
16 amended December 13, 1991 (P.L.373, No.40), are 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. Any reference in this
21 article to the Internal Revenue Code shall include the Internal
22 Revenue Code of 1954, as amended to the date on which this

1 article is effective:

2 * * *

3 (c.2) "Claimant" means a person who is subject to the tax
4 imposed under this article, is not a dependent of another
5 person, but is entitled to claim against such tax the poverty
6 tax provisions as provided by this act. For purposes of the
7 special income tax provisions contained in section 304, a
8 husband and wife who file a joint Pennsylvania tax return shall
9 be considered joint claimants for special income tax
10 forgiveness, even if one spouse is a dependent of the other.

11 * * *

12 Section 304. Special Tax Provisions for Poverty.--(a) The
13 General Assembly, in recognition of the powers contained in
14 section 2(b)(ii) of Article VIII of the Constitution of the
15 Commonwealth of Pennsylvania which provides therein for the
16 establishing as a class or classes of subjects of taxation the
17 property or privileges of persons who, because of poverty are
18 determined to be in need of special tax provisions hereby
19 declares as its legislative intent and purpose to implement such
20 power under such constitutional provision by establishing
21 special tax provisions as hereinafter provided in this act.

22 (b) The General Assembly having determined that there are
23 persons within this Commonwealth whose incomes are such that
24 imposition of a tax thereon would deprive them and their
25 dependents of the bare necessities of life and having further
26 determined that poverty is a relative concept inextricably
27 joined with actual income and the number of people dependent
28 upon such income deems it to be a matter of public policy to
29 provide special tax provisions for that class of persons
30 hereinafter designated to relieve their economic burden.

1 (c) For the taxable year 1974 and each year thereafter any
2 claimant who meets the following standards of eligibility
3 established by this act as the test for poverty shall be deemed
4 a separate class of subject of taxation, and, as such, shall be
5 entitled to the benefit of the special provisions of this act.

6 (d) Any claim for special tax provisions hereunder shall be
7 determined in accordance with the following:

8 [(1) If the poverty income of the claimant during an entire
9 taxable year is six thousand three hundred dollars (\$6,300) or
10 less, the claimant shall be entitled to a refund or forgiveness
11 of any moneys which have been paid over to (or would except for
12 the provisions of this act be payable to) the Commonwealth under
13 the provisions of this article, with an additional income
14 allowance of one thousand five hundred dollars (\$1,500) for the
15 first additional dependent and an additional income allowance of
16 one thousand dollars (\$1,000) for each additional dependent of
17 the claimant.

18 (2) If the poverty income of the claimant during an entire
19 taxable year does not exceed the poverty income limitations
20 prescribed by clause (1) by more than the dollar category
21 contained in subclauses (i), (ii), (iii), (iv), (v), (vi),
22 (vii), (viii) or (ix) of this clause, the claimant shall be
23 entitled to a refund or forgiveness based on the percentage
24 prescribed in such subclauses of any moneys which have been paid
25 over to (or would except for the provisions herein be payable
26 to) the Commonwealth under this article:

27 (i) Ninety per cent if not in excess of one hundred dollars
28 (\$100).

29 (ii) Eighty per cent if not in excess of two hundred dollars
30 (\$200).

(iii) Seventy per cent if not in excess of three hundred dollars (\$300).

(iv) Sixty per cent if not in excess of four hundred dollars (\$400).

(v) Fifty per cent if not in excess of five hundred dollars (\$500).

(vi) Forty per cent if not in excess of six hundred dollars (\$600).

(vii) Thirty per cent if not in excess of seven hundred dollars (\$700).

(viii) Twenty per cent if not in excess of eight hundred dollars (\$800).

(ix) Ten per cent if not in excess of nine hundred dollars (\$900).]

(1) A claimant whose Pennsylvania filing status is single or married filing separately in the current tax year and whose poverty income does not exceed the base figure shall be entitled to a refund or forgiveness of any moneys which have been paid over to (or would except for the provisions of this act be payable to) the Commonwealth under the provisions of this article, with an additional income allowance of two thousand dollars (\$2,000) for each additional dependent. In the 1993 tax year, the base figure shall be six thousand five hundred dollars (\$6,500). In each succeeding tax year, the base figure shall be adjusted to reflect the increase in the cost-of-living, as determined by the United States Department of Labor.

(2) A claimant whose Pennsylvania filing status is married filing jointly in the current tax year and whose poverty income does not exceed the base figure shall be entitled to a refund or forgiveness of any moneys which have been paid over to (or would

1 except for the provisions of this act be payable to) the
2 Commonwealth under the provisions of this article with an
3 additional income allowance of two thousand dollars (\$2,000) for
4 each additional dependent. In the 1993 tax year, the base figure
5 shall be thirteen thousand dollars (\$13,000). In each succeeding
6 tax year, the base figure shall be adjusted to reflect the
7 increase in the cost-of-living as determined by the United
8 States Department of Labor.

9 (3) If the poverty income of the claimant during an entire
10 taxable year does not exceed the poverty income limitations
11 prescribed by clause (1) or (2) by more than the dollar category
12 contained in subclause (i), (ii), (iii), (iv), (v), (vi), (vii),
13 (viii) or (ix) of this clause, the claimant shall be entitled to
14 a refund or forgiveness based on the percentage prescribed in
15 such subclauses of any moneys which have been paid over to (or
16 would except for the provisions herein be payable to) the
17 Commonwealth under this article:

18 (i) Ninety per cent if not in excess of two hundred dollars
19 (\$200).

20 (ii) Eighty per cent if not in excess of four hundred
21 dollars (\$400).

22 (iii) Seventy per cent if not in excess of six hundred
23 dollars (\$600).

24 (iv) Sixty per cent if not in excess of eight hundred
25 dollars (\$800).

26 (v) Fifty per cent if not in excess of one thousand dollars
27 (\$1,000).

28 (vi) Forty per cent if not in excess of one thousand two
29 hundred dollars (\$1,200).

30 (vii) Thirty per cent if not in excess of one thousand four

1 hundred dollars (\$1,400).

2 (viii) Twenty per cent if not in excess of one thousand six
3 hundred dollars (\$1,600).

4 (ix) Ten per cent if not in excess of one thousand eight
5 hundred dollars (\$1,800).

6 (e) The Department of Revenue shall, by regulation,
7 establish the necessary procedures whereby an individual who
8 qualified for one hundred per cent tax forgiveness in the tax
9 year immediately preceding the current year be exempt from tax
10 withholding and filing a tax return in the current tax year.
11 Notwithstanding any provision of this section, even though an
12 individual is exempt from withholding in a certain tax year, the
13 individual is responsible for filing a tax return if he does not
14 qualify for one hundred per cent tax forgiveness in the tax
15 year. This provision shall not go into effect until the tax year
16 immediately following the year this legislation goes into
17 effect.

18 Section 2. This act shall apply to all tax years beginning
19 on or after January 1, 1993.

20 Section 3. This act shall take effect immediately.