
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1517 Session of
2005

INTRODUCED BY BISHOP, READSHAW, GEORGE, YOUNGBLOOD, HENNESSEY,
PALLONE, CALTAGIRONE, SHANER, BELARDI, BEBKO-JONES, PETRARCA,
DeWEESE, JOSEPHS, SOLOBAY, HARHAI, KIRKLAND, JAMES,
BLACKWELL, FABRIZIO AND BROWNE, MAY 3, 2005

REFERRED TO COMMITTEE ON LABOR RELATIONS, MAY 3, 2005

AN ACT

1 Providing for the exclusion from taxable personal income of a
2 portion of severance compensation for permanently displaced
3 employees.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Downsized
8 Employees Severance Tax Exclusion Act.

9 Section 2. Definitions.

10 The following words and phrases when used in this act shall
11 have the meanings given to them in this section unless the
12 context clearly indicates otherwise:

13 "Covered employer." An individual or private business which
14 employs 500 or more employees at any time in the preceding 12-
15 month period and which has not been adjudicated bankrupt.

16 "Mass layoff." The layoff of 100 or more employees employed
17 in a facility located in this Commonwealth by a covered employer

1 during any continuous period of 180 days, except that the term
2 shall not mean any layoff caused by a relocation or termination
3 necessitated by a flood or other natural disaster, national
4 emergency or act of war.

5 "Displaced." The layoff of an employee by an employer
6 without the written commitment to reinstate the employee within
7 180 days of the layoff. The term excludes the layoff of a
8 construction worker upon the completion of a construction
9 project or seasonal employees.

10 Section 3. Exclusion.

11 Severance wages or compensation paid by a covered employer to
12 an employee shall not be deemed income within the meaning of
13 Article III of the act of March 4, 1971 (P.L.6, No.2), known as
14 the Tax Reform Code of 1971.

15 Section 4. Applicability.

16 This act shall apply to taxable years beginning after
17 December 31, 2005.

18 Section 5. Effective date.

19 This act shall take effect in 60 days.