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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 1304 Session of  
2014

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INTRODUCED BY BAKER, ERICKSON, RAFFERTY, WOZNIAK, VULAKOVICH,  
FONTANA, SMITH, COSTA, SOLOBAY AND TARTAGLIONE,  
MARCH 26, 2014

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REFERRED TO FINANCE, MARCH 26, 2014

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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, extending special tax  
11 provisions for poverty to certain persons who are enrolled as  
12 students at institutions of higher education.

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

15 Section 1. Section 301(c.2) of the act of March 4, 1971  
16 (P.L.6, No.2), known as the Tax Reform Code of 1971, amended May  
17 7, 1997 (P.L.85, No.7), is amended to read:

18 Section 301. Definitions.--Any reference in this article to  
19 the Internal Revenue Code of 1986 shall mean the Internal  
20 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.),  
21 as amended to January 1, 1997, unless the reference contains the  
22 phrase "as amended" and refers to no other date, in which case

1 the reference shall be to the Internal Revenue Code of 1986 as  
2 it exists as of the time of application of this article. The  
3 following words, terms and phrases when used in this article  
4 shall have the meaning ascribed to them in this section except  
5 where the context clearly indicates a different meaning:

6 \* \* \*

7 (c.2) "Claimant" means either:

8 (1) a person who is subject to the tax imposed under this  
9 article, is not a dependent of another taxpayer for purposes of  
10 section 151 of the Internal Revenue Code of 1986 (Public Law 99-  
11 514, 26 U.S.C. § 151), but is entitled to claim against such tax  
12 the poverty tax provisions as provided by this act[.]; or

13 (2) a person who is subject to the tax imposed under this  
14 article and is enrolled as a full-time student at an institution  
15 of higher education, regardless of whether the person is a  
16 dependent of another taxpayer for purposes of section 151 of the  
17 Internal Revenue Code, but is entitled to claim against such tax  
18 the poverty tax provisions as provided by this act.

19 \* \* \*

20 Section 2. Section 304 of the act, amended December 13, 1991  
21 (P.L.373, No.40) and December 23, 2003 (P.L.250, No.46), is  
22 amended to read:

23 Section 304. Special Tax Provisions for Poverty.--(a) The  
24 General Assembly, in recognition of the powers contained in  
25 section 2(b)(ii) of Article VIII of the Constitution of the  
26 Commonwealth of Pennsylvania which provides therein for the  
27 establishing as a class or classes of subjects of taxation the  
28 property or privileges of persons who, because of poverty are  
29 determined to be in need of special tax provisions hereby  
30 declares as its legislative intent and purpose to implement such

1 power under such constitutional provision by establishing  
2 special tax provisions as hereinafter provided in this act.

3 (b) The General Assembly having determined that there are  
4 persons within this Commonwealth whose incomes are such that  
5 imposition of a tax thereon would deprive them and their  
6 dependents of the bare necessities of life and having further  
7 determined that poverty is a relative concept inextricably  
8 joined with actual income and the number of people dependent  
9 upon such income deems it to be a matter of public policy to  
10 provide special tax provisions for that class of persons  
11 hereinafter designated to relieve their economic burden.

12 (c) For the taxable year 1974 and each year thereafter any  
13 claimant as defined under section 301(c.2)(1) who meets the  
14 [following] standards of eligibility established by this act as  
15 the test for poverty shall be deemed a separate class of subject  
16 of taxation, and, as such, shall be entitled to the benefit of  
17 the special provisions of this act.

18 (c.1) For the taxable year 2014 and each year thereafter any  
19 claimant as defined under section 301(c.2)(2) who meets the  
20 standards of eligibility established by this act as the test for  
21 poverty shall be deemed a separate class of subject of taxation,  
22 and, as such, shall be entitled to the benefit of the special  
23 provisions of this act. This subsection shall not apply if the  
24 parents of the claimant are themselves entitled to the benefit  
25 of the special provisions of this act.

26 (d) Any claim for special tax provisions [hereunder] under  
27 subsection (c) shall be determined in accordance with the  
28 following:

29 (1) If the poverty income of the claimant during an entire  
30 taxable year is six thousand five hundred dollars (\$6,500) or

1 less, or, in the case of a married claimant, if the joint  
2 poverty income of the claimant and the claimant's spouse during  
3 an entire taxable year is thirteen thousand dollars (\$13,000) or  
4 less, the claimant shall be entitled to a refund or forgiveness  
5 of any moneys which have been paid over to (or would except for  
6 the provisions of this act be payable to) the Commonwealth under  
7 the provisions of this article, with an additional income  
8 allowance of nine thousand five hundred dollars (\$9,500) for  
9 each dependent of the claimant. For purposes of this subsection,  
10 a claimant shall not be considered to be married if:

11 (i) The claimant and the claimant's spouse file separate  
12 returns; and

13 (ii) The claimant and the claimant's spouse live apart at  
14 all times during the last six months of the taxable year or are  
15 separated pursuant to a written separation agreement.

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

25 (i) Ninety per cent if not in excess of two hundred fifty  
26 dollars (\$250).

27 (ii) Eighty per cent if not in excess of five hundred  
28 dollars (\$500).

29 (iii) Seventy per cent if not in excess of seven hundred  
30 fifty dollars (\$750).

1 (iv) Sixty per cent if not in excess of one thousand dollars  
2 (\$1,000).

3 (v) Fifty per cent if not in excess of one thousand two  
4 hundred fifty dollars (\$1,250).

5 (vi) Forty per cent if not in excess of one thousand five  
6 hundred dollars (\$1,500).

7 (vii) Thirty per cent if not in excess of one thousand seven  
8 hundred fifty dollars (\$1,750).

9 (viii) Twenty per cent if not in excess of two thousand  
10 dollars (\$2,000).

11 (ix) Ten per cent if not in excess of two thousand two  
12 hundred fifty dollars (\$2,250).

13 (3) If an individual has a taxable year of less than twelve  
14 months, the poverty income thereof shall be annualized in such  
15 manner as the department may prescribe.

16 (e) Any claim for special tax provisions under subsection  
17 (c.1) shall be determined in accordance with the following:

18 (1) If the poverty income of the claimant during an entire  
19 taxable year is six thousand five hundred dollars (\$6,500) or  
20 less, the claimant shall be entitled to a refund or forgiveness  
21 of any moneys which have been paid over to (or would except for  
22 the provisions of this act be payable to) the Commonwealth under  
23 the provisions of this article; or

24 (2) If the poverty income of the claimant during an entire  
25 taxable year does not exceed the poverty income limitations  
26 prescribed by clause (1) by more than the dollar category  
27 contained in subclauses (i), (ii), (iii), (iv), (v), (vi),  
28 (vii), (viii) or (ix) of this clause, the claimant shall be  
29 entitled to a refund or forgiveness based on the percentage  
30 prescribed in such subclauses of any moneys which have been paid

1 over to (or would have been except for the provisions herein be  
2 payable to) the Commonwealth under this article:

3 (i) Ninety per cent if not in excess of two hundred fifty  
4 dollars (\$250).

5 (ii) Eighty per cent if not in excess of five hundred  
6 dollars (\$500).

7 (iii) Seventy per cent if not in excess of seven hundred  
8 fifty dollars (\$750).

9 (iv) Sixty per cent if not in excess of one thousand dollars  
10 (\$1,000).

11 (v) Fifty per cent if not in excess of one thousand two  
12 hundred fifty dollars (\$1,250).

13 (vi) Forty per cent if not in excess of one thousand five  
14 hundred dollars (\$1,500).

15 (vii) Thirty per cent if not in excess of one thousand seven  
16 hundred fifty dollars (\$1,750).

17 (viii) Twenty per cent if not in excess of two thousand  
18 dollars (\$2,000).

19 (ix) Ten per cent if not in excess of two thousand two  
20 hundred fifty dollars (\$2,250).

21 (3) If an individual has a taxable year of less than twelve  
22 months, the poverty income thereof shall be annualized in such  
23 manner as the department may prescribe.

24 Section 3. This act shall take effect in 60 days.