

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 383 Session of 2015

INTRODUCED BY BAKER, FONTANA, GREENLEAF, BOSCOLA, SMITH, COSTA AND RAFFERTY, FEBRUARY 3, 2015

REFERRED TO FINANCE, FEBRUARY 3, 2015

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, further providing for  
 11 definitions and for special tax provisions for poverty.

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

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

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

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

5 \* \* \*

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

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

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

18 \* \* \*

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

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

1 special tax provisions as hereinafter provided in this act.

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

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

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

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

28 (1) If the poverty income of the claimant during an entire  
29 taxable year is six thousand five hundred dollars (\$6,500) or  
30 less, or, in the case of a married claimant, if the joint

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

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

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

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

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

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

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

30 (iv) Sixty per cent if not in excess of one thousand dollars

1 (\$1,000).

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

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

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

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

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

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

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

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

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

1 Commonwealth under this article:

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

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

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

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

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

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

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

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

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

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

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