

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1306 Session of 2019

INTRODUCED BY MURT, ISAACSON, JAMES, CALTAGIRONE, NEILSON, READSHAW, ZABEL AND ROZZI, APRIL 25, 2019

REFERRED TO COMMITTEE ON FINANCE, APRIL 25, 2019

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, providing for retirement
 11 plan withdrawal tax exemption for student loan debt; and
 12 abrogating regulations.

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

15 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
 16 the Tax Reform Code of 1971, is amended by adding a section to
 17 read:

18 Section 304.3. Retirement Plan Withdrawal Tax Exemption for
 19 Student Loan Debt.--(a) An individual may make a one-time
 20 withdrawal from a retirement plan under section 401(k) of the
 21 Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §
 22 401(k)) which shall be exempt from all taxation by the
 23 Commonwealth and its political subdivisions if:

1 (1) The withdrawal is used for the purposes of paying
2 student loan debt of a family member.

3 (2) The withdrawal does not exceed twenty-five per cent of
4 the balance of the retirement plan.

5 (b) As used in this section, the following words and phrases
6 shall have the meanings given to them in this subsection unless
7 the context clearly indicates otherwise:

8 "Family member." A spouse, domestic partner, child,
9 stepchild, daughter-in-law, son-in-law, sibling, parent,
10 grandparent, grandchild, stepsibling, stepparent, mother-in-law,
11 father-in-law, brother-in-law, sister-in-law, aunt, uncle,
12 niece, nephew, ward, guardian or legal guardian.

13 "Student loan debt." Money owed that was used to pay for
14 educational expenses, including tuition, fees, books, supplies
15 or equipment required for enrollment or attendance at an
16 institution included under Title IV of the Higher Education Act
17 of 1965 (Public Law 89-329, 78 Stat. 1219), and expenses for
18 special needs services, as well as room and board for students
19 who are enrolled at least part time at a college or university.

20 Section 2. All regulations are abrogated to the extent of
21 any inconsistency with the provisions of this act.

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