

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2377 Session of 2020

INTRODUCED BY ROWE, BERNSTINE, BOROWICZ, DeLUCA, DIAMOND,
DONATUCCI, DUSH, ECKER, GAYDOS, GROVE, JONES, KAUFFMAN,
KEEFER, MACKENZIE, QUINN, ROTHMAN, RYAN, STEPHENS AND TOOHL,
APRIL 3, 2020

REFERRED TO COMMITTEE ON FINANCE, APRIL 3, 2020

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 tax for education, further providing for
11 imposition of tax; and, in personal income tax, further
12 providing for definitions.

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

15 Section 1. Section 202 of the act of March 4, 1971 (P.L.6,
16 No.2), known as the Tax Reform Code of 1971, is amended by
17 adding a subsection to read:

18 Section 202. Imposition of Tax.--* * *

19 (a.1) The tax imposed under subsection (a) shall not be
20 imposed during the Governor's declaration of disaster emergency
21 issued on March 6, 2020, authorized under 35 Pa.C.S. § 7301
22 (relating to general authority of Governor) through the

1 termination of the declaration of disaster emergency by
2 executive order, proclamation or operation of law.

3 * * *

4 Section 2. Section 301(d) of the act is amended to read:

5 Section 301. Definitions.--Any reference in this article to
6 the Internal Revenue Code of 1986 shall mean the Internal
7 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.),
8 as amended to January 1, 1997, unless the reference contains the
9 phrase "as amended" and refers to no other date, in which case
10 the reference shall be to the Internal Revenue Code of 1986 as
11 it exists as of the time of application of this article. The
12 following words, terms and phrases when used in this article
13 shall have the meaning ascribed to them in this section except
14 where the context clearly indicates a different meaning:

15 * * *

16 (d) "Compensation" means and shall include salaries, wages,
17 commissions, bonuses and incentive payments whether based on
18 profits or otherwise, fees, tips and similar remuneration
19 received for services rendered, whether directly or through an
20 agent, and whether in cash or in property. The term
21 "compensation" shall include any part of a distribution under a
22 plan described in section 409A(d)(1) of the Internal Revenue
23 Code of 1986 (Public Law 99-514, 26 U.S.C. § 409A(d)(1)), as
24 amended, attributable to an elective deferral of income or the
25 income on any elective deferral of income, whether paid or
26 payable during employment or to a retired person upon or after
27 retirement from service.

28 The term "compensation" shall not mean or include: (i)
29 periodic payments for sickness and disability other than regular
30 wages received during a period of sickness or disability; or

1 (ii) disability, retirement or other payments arising under
2 workmen's compensation acts, occupational disease acts and
3 similar legislation by any government; or (iii) payments
4 commonly recognized as old age or retirement benefits paid to
5 persons retired from service after reaching a specific age or
6 after a stated period of employment; or (iv) payments commonly
7 known as public assistance, or unemployment compensation
8 payments by any governmental agency; or (v) payments to
9 reimburse actual expenses; or (vi) payments made by employers or
10 labor unions, including payments made pursuant to a cafeteria
11 plan qualifying under section 125 of the Internal Revenue Code
12 of 1986 (Public Law 99-514, 26 U.S.C. § 125), for employe
13 benefit programs covering hospitalization, sickness, disability
14 or death, supplemental unemployment benefits or strike benefits:
15 Provided, That the program does not discriminate in favor of
16 highly compensated individuals as to eligibility to participate,
17 payments or program benefits; or (vii) any compensation received
18 by United States servicemen serving in a combat zone; or (viii)
19 payments received by a foster parent for in-home care of foster
20 children from an agency of the Commonwealth or a political
21 subdivision thereof or an organization exempt from Federal tax
22 under section 501(c)(3) of the Internal Revenue Code of 1954
23 which is licensed by the Commonwealth or a political subdivision
24 thereof as a placement agency; or (ix) payments made by
25 employers or labor unions for employe benefit programs covering
26 social security or retirement; or (x) personal use of an
27 employer's owned or leased property or of employer-provided
28 services[.]; or (xi) any compensation received by an employe
29 during the Governor's declaration of disaster emergency issued
30 on March 6, 2020 authorized under 35 Pa.C.S. § 7301 (relating to

1 general authority of Governor) through the termination of the
2 declaration of disaster emergency by executive order,
3 proclamation or operation of law.

4 * * *

5 Section 3. The Secretary of Revenue shall transmit notice to
6 the Legislative Reference Bureau for publication in the
7 Pennsylvania Bulletin of the date which the Governor's
8 declaration of disaster emergency issued on March 6, 2020, is
9 terminated.

10 Section 4. This act shall take effect immediately.