

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 197 Session of 2021

INTRODUCED BY BOSCOLA, COSTA, FONTANA, MENSCH AND SCAVELLO,
FEBRUARY 10, 2021

REFERRED TO FINANCE, FEBRUARY 10, 2021

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 classes of income.

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

14 Section 1. Section 303 of the act of March 4, 1971 (P.L.6,
15 No.2), known as the Tax Reform Code of 1971, is amended by
16 adding a subsection to read:

17 Section 303. Classes of Income.--* * *

18 (a.10) (1) An amount paid as real property taxes that
19 exceeds the amount of the deduction for real property taxes
20 permitted under section 164(b)(6)(B) of the Internal Revenue
21 Code of 1986 (Public Law 99-514, 26 U.S.C. § 164(b)(6)(B)) shall
22 be deductible from taxable income on the annual personal income

1 tax return. The deduction shall not result in taxable income
2 being less than zero.

3 (2) For purposes of this subsection:

4 (i) The term "homestead" means the owner-occupied, primary
5 residence and the parcel of land within this Commonwealth on
6 which the residence is located and other improvements located on
7 the parcel. If a portion of the structure is used for a
8 nonresidential purpose, the homestead is equal to that portion
9 of the property used as the primary residence of the owner-
10 occupant.

11 (ii) The term "real property tax" means the total real
12 property tax imposed by a school district on a homestead for the
13 tax year. Real property tax imposed by a city of the first class
14 shall constitute taxes imposed by a school district for the
15 purposes of this definition. The term does not include payments
16 made in lieu of taxes or any penalties or interest paid in
17 connection with the tax.

18 (iii) The term "residence" means a structure used as a place
19 of habitation by the owner of the structure.

20 * * *

21 Section 2. The addition of section 303(a.10) of the act
22 shall apply to taxable years beginning after December 31, 2021.

23 Section 3. This act shall take effect immediately.