

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1306 Session of
2025

INTRODUCED BY FLEMING, KERWIN, HILL-EVANS, PIELLI, MARCELL,
KHAN, CIRESI, SANCHEZ, MADSEN, KUZMA, BOROWSKI, FREEMAN,
DONAHUE, STENDER, CERRATO, GREEN AND WATRO, APRIL 28, 2025

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED, MAY 14, 2025

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 classes of income.

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

14 Section 1. Section 301 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 definitions 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

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

* * *

(f.1) "Eligible volunteer firefighter" means a person who:

(1) has been approved by the authorities in control of a duly organized fire company or fire department as an active or vested volunteer firefighter of the fire company or fire department; and

(2) is actually performing service in the protection of life and property from fire or other emergency, accident or calamity in connection with which the services of the fire company or fire department are required.

* * *

(s.3) "Service award" means a benefit payable to an eligible volunteer firefighter.

(s.4) "Service award program" means a volunteer firefighter defined benefit plan or volunteer firefighter defined contribution plan established or maintained by a fire company, fire department or sponsoring municipality.

* * *

(x) "Volunteer firefighter defined benefit plan" means a program that provides to eligible volunteer firefighters a benefit that is definitely determinable under the program and without reference to the amount contributed to the program on the participant's behalf or to any income, expenses, gains or losses or forfeitures of other participants under the program.

(y) "Volunteer firefighter defined contribution plan" means

a program that provides to eligible volunteer firefighters a benefit as the result of definite and determinable contributions paid to the program and without reference to any income, expense, gains or losses or forfeitures of other participants under the program.

Section 2. Section 303(a)(1) of the act is amended by adding ~~a subparagraph~~ SUBPARAGRAPHS to read: <--

Section 303. Classes of Income.--(a) The classes of income referred to above are as follows:

(1) Compensation.

* * *

~~(v) Contributions by a fire company, fire department or sponsoring municipality to a taxpayer's service award as part of a service award program shall not be considered compensation for purposes of this article.~~ <--

(V) THE FIRST FIVE THOUSAND DOLLARS (\$5,000) IN CONTRIBUTIONS BY A FIRE COMPANY, FIRE DEPARTMENT OR SPONSORING MUNICIPALITY TO AN ELIGIBLE VOLUNTEER FIREFIGHTER'S SERVICE AWARD OVER THE LIFETIME OF THE ELIGIBLE VOLUNTEER FIREFIGHTER'S PARTICIPATION IN A SERVICE AWARD PROGRAM SHALL NOT BE CONSIDERED COMPENSATION FOR PURPOSES OF THIS ARTICLE. <--

(VI) DISTRIBUTIONS TO AN ELIGIBLE VOLUNTEER FIREFIGHTER FROM A SERVICE AWARD AS PART OF A SERVICE AWARD PROGRAM SHALL NOT BE CONSIDERED COMPENSATION FOR PURPOSES OF THIS ARTICLE IF THE ELIGIBLE VOLUNTEER FIREFIGHTER IS 65 YEARS OF AGE OR OLDER.

* * *

Section 3. This act shall apply to taxable years commencing on or after January 1, 2025.

Section 4. This act shall take effect in 60 days.