

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2418 Session of 2018

INTRODUCED BY WHEATLEY, MURT, READSHAW, BULLOCK, DRISCOLL,  
 D. COSTA, ROZZI, O'BRIEN, GAINNEY, SIMS, McNEILL, SCHLOSSBERG,  
 CALTAGIRONE, NEILSON, BIZZARRO, KORTZ, McCLINTON AND KINSEY,  
 MAY 8, 2018

REFERRED TO COMMITTEE ON FINANCE, MAY 8, 2018

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; and, in corporate net 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 303 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 303. Classes of Income.--\* \* \*

19 (a.10) The following apply:

20 (1) An additional deduction shall be allowed from taxable  
 21 income for an employer's qualified first-year wages on the  
 22 annual personal income tax return, which shall be in the

1 following amount:

2 (i) Ten per cent deduction for not less than 120 hours  
3 worked and thirty per cent deduction for not less than 400 hours  
4 worked for an employe who is a veteran of the United States  
5 Armed Forces or National Guard and:

6 (A) is a member of a family receiving assistance from the  
7 Supplemental Nutrition Assistance Program (SNAP) for at least  
8 three months during a fifteen-month period ending on the hiring  
9 date;

10 (B) was hired within one year of discharge or release from  
11 active duty or was unemployed for at least six months in the  
12 year ending on the hiring date and is entitled to compensation  
13 for a service-connected disability; or

14 (C) has had aggregate periods of unemployment of not less  
15 than four weeks and not more than six months during the one-year  
16 period ending on the employe's hiring date.

17 (ii) Nine per cent deduction for not less than 120 hours  
18 worked and twenty-seven per cent deduction for not less than 400  
19 hours worked for an employe receiving Temporary Assistance for  
20 Needy Families (TANF).

21 (iii) Eight per cent deduction for not less than 120 hours  
22 worked and twenty-four per cent deduction for not less than 400  
23 hours worked for an employe who was not less than 18 years of  
24 age nor more than 39 years of age at the employe's hiring date  
25 and is a member of a family that:

26 (A) has received assistance from SNAP for six months during  
27 the one-year period ending on the hiring date; or

28 (B) received assistance from SNAP for a total of three  
29 months during the five months ending on the employe's hiring  
30 date.

1 (iv) Seven per cent deduction for not less than 120 hours  
2 worked and twenty-one per cent deduction for not less than 400  
3 hours worked for an employe who has received rehabilitative  
4 assistance under the act of December 20, 1988 (P.L.1306,  
5 No.167), known as the Vocational Rehabilitation Act.

6 (v) Six per cent deduction for not less than 120 hours  
7 worked and eighteen per cent deduction for not less than 400  
8 hours worked for an employe who has been convicted of a felony  
9 and was hired not more than one year after the employe was  
10 convicted or released from prison, whichever is later.

11 (vi) Five per cent deduction for not less than 120 hours  
12 worked and fifteen per cent deduction for not less than 400  
13 hours worked for an employe who received Federal Supplemental  
14 Security Income (SSI) during any month ending within the sixty-  
15 day period prior to the employe's hiring date.

16 (2) The department may request any documentation the  
17 department deems necessary from an employer to verify that the  
18 employer qualifies for the deduction under this subsection.

19 (3) The deduction under this subsection shall not result in  
20 taxable income being less than zero.

21 (4) For the purposes of this subsection, the following terms  
22 or phrases shall have the following meanings:

23 (i) "Hiring date" means the date on which the employer hired  
24 an employe.

25 (ii) "Qualified first-year wages" means the qualified wages  
26 paid to an employe for services rendered during the one-year  
27 period beginning on the employe's hiring date.

28 (iii) "Qualified wages" means the wages paid or incurred by  
29 an employer during the taxable year to a member of an employe  
30 group listed under paragraph (1).

1 (iv) "Veteran" means a former member of the military or  
2 naval service of the United States or National Guard who:  
3 (A) served on active duty for more than one hundred eighty  
4 days;  
5 (B) was discharged or released from active duty for a  
6 service-connected disability; or  
7 (C) was not on active duty during the sixty-day period  
8 ending on the hiring date.

9 \* \* \*

10 Section 2. Section 401(3)1 of the act is amended by adding a  
11 phrase to read:

12 Section 401. Definitions.--The following words, terms, and  
13 phrases, when used in this article, shall have the meaning  
14 ascribed to them in this section, except where the context  
15 clearly indicates a different meaning:

16 \* \* \*

17 (3) "Taxable income." \* \* \*

18 (b.2) The following apply:

19 (1) An additional deduction shall be allowed from taxable  
20 income for an employer's qualified first-year wages, which shall  
21 be in the following amount:

22 (i) Ten per cent deduction for not less than 120 hours  
23 worked and thirty per cent deduction for not less than 400 hours  
24 worked for an employe who is a veteran of the United States  
25 Armed Forces or National Guard and:

26 (A) is a member of a family receiving assistance from the  
27 Supplemental Nutrition Assistance Program (SNAP) for at least  
28 three months during a fifteen-month period ending on the hiring  
29 date;

30 (B) was hired within one year of discharge or release from

1 active duty or was unemployed for at least six months in the  
2 year ending on the hiring date and is entitled to compensation  
3 for a service-connected disability; or

4 (C) has had aggregate periods of unemployment of not less  
5 than four weeks and not more than six months during the one-year  
6 period ending on the employe's hiring date.

7 (ii) Nine per cent deduction for not less than 120 hours  
8 worked and twenty-seven per cent deduction for not less than 400  
9 hours worked for an employe receiving Temporary Assistance for  
10 Needy Families (TANF).

11 (iii) Eight per cent deduction for not less than 120 hours  
12 worked and twenty-four per cent deduction for not less than 400  
13 hours worked for an employe who was not less than 18 years of  
14 age nor more than 39 years of age at the employe's hiring date  
15 and is a member of a family that:

16 (A) has received assistance from the SNAP for six months  
17 during the one-year period ending on the hiring date; or

18 (B) received assistance from the SNAP for a total of three  
19 months during the five months ending on the employe's hiring  
20 date.

21 (iv) Seven per cent deduction for not less than 120 hours  
22 worked and twenty-one per cent deduction for not less than 400  
23 hours worked for an employe who has received rehabilitative  
24 assistance under the act of December 20, 1988 (P.L.1306,  
25 No.167), known as the Vocational Rehabilitation Act.

26 (v) Six per cent deduction for not less than 120 hours  
27 worked and eighteen per cent deduction for not less than 400  
28 hours worked for an employe who has been convicted of a felony  
29 and was hired not more than one year after the employe was  
30 convicted or released from prison, whichever is later.

1 (vi) Five per cent deduction for not less than 120 hours  
2 worked and fifteen per cent deduction for not less than 400  
3 hours worked for an employe who received Federal Supplemental  
4 Security Income (SSI) during any month ending within the sixty-  
5 day period prior to the employe's hiring date.

6 (2) The department may request any documentation the  
7 department deems necessary from an employer to verify that the  
8 employer qualifies for the deduction under this phrase.

9 (3) The deduction under this phrase shall not result in  
10 taxable income being less than zero.

11 (4) For the purposes of this phrase, the following terms or  
12 phrases shall have the following meanings:

13 (i) "Hiring date" means the date on which the employer hired  
14 an employe.

15 (ii) "Qualified first-year wages" means the qualified wages  
16 paid to an employe for services rendered during the one-year  
17 period beginning on the employe's hiring date.

18 (iii) "Qualified wages" means the wages paid or incurred by  
19 an employer during the taxable year to a member of an employe  
20 group listed under paragraph (1).

21 (iv) "Veteran" means a former member of the military or  
22 naval service of the United States or National Guard who:

23 (A) served on active duty for more than one hundred eighty  
24 days;

25 (B) was discharged or released from active duty for a  
26 service-connected disability; or

27 (C) was not on active duty during the sixty-day period  
28 ending on the hiring date.

29 \* \* \*

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