

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 561 Session of 2015

INTRODUCED BY KAUFFMAN, CONKLIN, KNOWLES, KORTZ, PASHINSKI, BARRAR, A. HARRIS, HARHART, MARSICO, D. MILLER, CUTLER, WATSON, MULLERY, KINSEY, BIZZARRO, GILLEN, TALLMAN, MURT, RAPP, MILLARD, METCALFE, SAYLOR, EVERETT, DeLUCA, GABLER, M. K. KELLER, HICKERNELL, GIBBONS, MOUL AND HEFFLEY, FEBRUARY 23, 2015

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 23, 2015

AN ACT

1 Amending the act of December 31, 1965 (P.L.1257, No.511),
 2 entitled "An act empowering cities of the second class,
 3 cities of the second class A, cities of the third class,
 4 boroughs, towns, townships of the first class, townships of
 5 the second class, school districts of the second class,
 6 school districts of the third class and school districts of
 7 the fourth class including independent school districts, to
 8 levy, assess, collect or to provide for the levying,
 9 assessment and collection of certain taxes subject to maximum
 10 limitations for general revenue purposes; authorizing the
 11 establishment of bureaus and the appointment and compensation
 12 of officers, agencies and employes to assess and collect such
 13 taxes; providing for joint collection of certain taxes,
 14 prescribing certain definitions and other provisions for
 15 taxes levied and assessed upon earned income, providing for
 16 annual audits and for collection of delinquent taxes, and
 17 permitting and requiring penalties to be imposed and
 18 enforced, including penalties for disclosure of confidential
 19 information, providing an appeal from the ordinance or
 20 resolution levying such taxes to the court of quarter
 21 sessions and to the Supreme Court and Superior Court," in
 22 consolidated collection of local income taxes, further
 23 providing for definitions.

24 The General Assembly of the Commonwealth of Pennsylvania
 25 hereby enacts as follows:

26 Section 1. The definition of "earned income" in section 501

1 of the act of December 31, 1965 (P.L.1257, No.511), known as The
2 Local Tax Enabling Act, added July 2, 2008 (P.L.197, No.32), is
3 amended to read:

4 Section 501. Definitions.

5 The following words and phrases when used in this chapter
6 shall have the meanings given to them in this section unless the
7 context clearly indicates otherwise:

8 * * *

9 "Earned income." The compensation as required to be reported
10 to or as determined by the Department of Revenue under section
11 303 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
12 Reform Code of 1971, and rules and regulations promulgated under
13 that section[.] subject to the following:

14 (1) Employee business expenses as reported to or
15 determined by the Department of Revenue under Article III of
16 the Tax Reform Code of 1971 shall constitute allowable
17 deductions in determining earned income.

18 (2) The term does not include [offsets]:

19 (i) Wages or compensation paid to individuals on
20 active military service, regardless of whether it is
21 earned for active military service inside or outside this
22 Commonwealth.

23 (ii) Offsets for business losses.

24 (iii) The amount of any housing allowance provided
25 to a member of the clergy [shall not be taxable as earned
26 income].

27 * * *

28 Section 2. This act shall apply to income taxes levied and
29 collected after December 31, 2015.

30 Section 3. This act shall take effect immediately.