

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 646 Session of 2021

INTRODUCED BY MERSKI, MARKOSEK, SANCHEZ, FREEMAN, WEBSTER AND O'MARA, FEBRUARY 24, 2021

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 24, 2021

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
 27 of the act of December 31, 1965 (P.L.1257, No.511), known as The
 28 Local Tax Enabling Act, is amended to read:

1 Section 501. Definitions.

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

5 * * *

6 "Earned income." The compensation as required to be reported
7 to or as determined by the Department of Revenue under section
8 303 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
9 Reform Code of 1971, and rules and regulations promulgated under
10 that section subject to the following:

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

15 (2) The term does not include:

16 (i) Wages or compensation paid to individuals on
17 active military service, regardless of whether it is
18 earned for active military service inside or outside this
19 Commonwealth[.], and to the spouses of such individuals,
20 provided that the spouses reside with the individuals
21 outside this Commonwealth.

22 (ii) Offsets for business losses.

23 (iii) The amount of any housing allowance provided
24 to a member of the clergy.

25 * * *

26 Section 2. This act shall take effect in 60 days.