
 THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 347 Session of
2021

INTRODUCED BY DiSANTO, J. WARD, HUTCHINSON, K. WARD, BAROLOTTA,
BROOKS, DUSH, MARTIN, MASTRIANO, PHILLIPS-HILL, PITTMAN,
SCAVELLO, STEFANO, VOGEL AND AUMENT, MARCH 10, 2021

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED, JUNE 7, 2022

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(a.5) of the act of March 4, 1971
16 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended
17 to read:

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

19 (a.5) The requirements of [section] sections 1031 and 1035
20 of the Internal Revenue Code of 1986 (26 U.S.C. [\$ 1035] §§ 1031
21 and 1035), as amended, shall be applicable.

1 * * *

2 SECTION 2. SECTION 401(3)1 OF THE ACT IS AMENDED BY ADDING A <--
3 PARAGRAPH TO READ:

4 SECTION 401. DEFINITIONS.--THE FOLLOWING WORDS, TERMS, AND
5 PHRASES, WHEN USED IN THIS ARTICLE, SHALL HAVE THE MEANING
6 ASCRIBED TO THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT
7 CLEARLY INDICATES A DIFFERENT MEANING:

8 * * *

9 (3) "TAXABLE INCOME." 1. * * *

10 (B.2) AN ADDITIONAL DEDUCTION SHALL BE ALLOWED FROM TAXABLE
11 INCOME OF A MEDICAL MARIJUANA ORGANIZATION FOR THE AMOUNT OF
12 ORDINARY AND NECESSARY EXPENSES THAT WERE PAID OR INCURRED BY
13 THE MEDICAL MARIJUANA ORGANIZATION DURING THE TAXABLE YEAR WHICH
14 ARE ORDINARILY DEDUCTIBLE FOR FEDERAL INCOME TAX PURPOSES UNDER
15 SECTION 162 OF THE INTERNAL REVENUE CODE OF 1986 (PUBLIC LAW 99-
16 514, 26 U.S.C. § 162) IF THE ADDITIONAL DEDUCTION FOR ORDINARY
17 AND NECESSARY EXPENSES PAID OR INCURRED BY THE MEDICAL MARIJUANA
18 ORGANIZATION WAS NOT TAKEN FOR FEDERAL INCOME TAX PURPOSES FOR
19 THE TAXABLE YEAR. AS USED IN THIS PARAGRAPH, THE TERM "MEDICAL
20 MARIJUANA ORGANIZATION" SHALL BE AS DEFINED IN SECTION 103 OF
21 THE ACT OF APRIL 17, 2016 (P.L.84, NO.16), KNOWN AS THE "MEDICAL
22 MARIJUANA ACT."

23 * * *

24 ~~Section 2. The amendment~~ <--

25 SECTION 3. THIS ACT SHALL APPLY AS FOLLOWS: <--

26 (1) THE AMENDMENT of section 303(a.5) of the act shall
27 apply to tax years beginning after December 31, 2020.

28 (2) THE ADDITION OF SECTION 401(3)1(B.2) OF THE ACT <--
29 SHALL APPLY TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31,
30 2022.

1 Section 3 4. This act shall take effect immediately.

<--