

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

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

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

Section 1. The definition of "earned income" in section 501  
of the act of December 31, 1965 (P.L.1257, No.511), known as The  
Local Tax Enabling Act, added July 2, 2008 (P.L.197, No.32), is

amended to read:

Section 501. Definitions.

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

\* \* \*

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

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

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

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

(ii) Offsets for business losses.

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

\* \* \*

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

Section 3. This act shall take effect immediately.