

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2268 Session of 2020

INTRODUCED BY CEPHAS, HILL-EVANS, ISAACSON, ULLMAN, DAWKINS, SCHLOSSBERG, FREEMAN, BURGOS, KINSEY, HARRIS, CALTAGIRONE, READSHAW, OTTEN, MADDEN, MURT, SCHWEYER, A. DAVIS, DeLUCA, McCLINTON, DEASY, JOHNSON-HARRELL AND DONATUCCI, FEBRUARY 4, 2020

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 4, 2020

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.

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

14 Section 1. Section 303(a.7) (1) of the act of March 4, 1971  
 15 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended,  
 16 the subsection is amended by adding a paragraph and the section  
 17 is amended by adding a subsection to read:

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

19 (a.7) The following apply:

20 (1) An amount paid as a contribution into a qualified  
 21 tuition program shall be deductible from taxable income on the

1 annual personal income tax return. The deduction shall be  
2 allowable to an employer that makes a contribution into a  
3 qualified tuition program for the account of an employe of the  
4 employer. The amount paid as a contribution to a qualified  
5 tuition program allowable as a deduction under this subsection  
6 shall be subject to an annual limitation not to exceed the  
7 threshold for exclusion from gifts as provided in section  
8 2503(b) of the Internal Revenue Code of 1986, as amended, per  
9 designated beneficiary. The deduction shall not result in  
10 taxable income being less than zero.

11 \* \* \*

12 (3.1) Notwithstanding any other provision of law to the  
13 contrary, the deduction under this subsection shall apply to any  
14 tax on income levied by a political subdivision.

15 \* \* \*

16 (a.10) The following apply:

17 (1) An amount paid as a contribution into a student loan  
18 account shall be deductible from taxable income on the annual  
19 personal income tax return. The deduction shall be allowable to  
20 an employer that makes a contribution into a student loan  
21 account for an employe of the employer. The amount paid as a  
22 contribution to a student loan account allowable as a deduction  
23 under this subsection shall be subject to an annual limitation  
24 not to exceed the threshold for exclusion from gifts as provided  
25 in section 2503(b) of the Internal Revenue Code of 1986, as  
26 amended, per designated beneficiary. The deduction shall not  
27 result in taxable income being less than zero.

28 (2) Notwithstanding any other provision of law to the  
29 contrary, the deduction under this subsection shall apply to any  
30 tax on income levied by a political subdivision.

1     (3) For purposes of this subsection:

2     (i) The term "student loan account" means an account into  
3 which may be deposited payments from a borrower, or on behalf of  
4 a borrower, to a lender for the purpose of repaying a loan  
5 approved for postsecondary education expenses incurred by the  
6 borrower.

7     (ii) The term "qualified tuition program" shall have the  
8 same meaning as provided in section 529(b)(1) of the Internal  
9 Revenue Code of 1986, as amended.

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