
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 385 Session of
2021

INTRODUCED BY DUNBAR, ROTHMAN, BROOKS, CIRESI, SCHLEGEL CULVER,
GLEIM, GREINER, GROVE, HILL-EVANS, KNOWLES, MIHALEK, MILLARD,
E. NELSON, PICKETT, PISCIOTTANO, ROWE, RYAN, SMITH, STAATS,
STAMBAUGH, STRUZZI, WARREN, WHEELAND, MERCURI AND SANKEY,
FEBRUARY 3, 2021

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 3, 2021

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

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

18 (a.7) The following apply:

19 * * *

20 (5) As follows:

21 (i) A forgiveness of indebtedness for an amount of a covered

1 loan granted under any of the following shall not be subject to
2 tax under this article:

3 (A) Section 1106 of the Coronavirus Aid, Relief, and
4 Economic Security Act (Public Law 116-136, 134 Stat. 281).

5 (B) Section 9, DIVISION N, TITLE II, Subtitle B, section 276
6 of the Consolidated Appropriation Act, 2021 (Public Law 116-
7 260) (relating to clarification of tax treatment of forgiveness
8 of covered loans).

9 (C) Section 9, DIVISION N, TITLE III (relating to CONTINUING
10 THE PAYCHECK PROTECTION PROGRAM AND OTHER SMALL BUSINESS
11 SUPPORT) of the Consolidated Appropriation Act, 2021 (Public Law
12 116-260).

13 (ii) The exclusion provided under this paragraph shall apply
14 to a forgiveness of indebtedness for an amount of a covered loan
15 granted after March 27, 2020.

16 * * *

17 Section 2. The addition of section 303(a.7)(5) shall apply
18 to taxable years beginning after December 31, 2019.

19 Section 3. This act shall take effect immediately.