

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 230

PRINTER NO. 1389

AMOUNT

No Fiscal Impact

FUND

Lottery Fund
Property Tax Relief Fund

DATE INTRODUCED

February 11, 2021

PRIME SPONSOR

Senator Phillips-Hill

DESCRIPTION

Senate Bill 230 amends Chapter 13 (Senior Citizens Property Tax and Rent Rebate Assistance) of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, to modify the definition of "income" in section 1303 of the act.

Specifically, the legislation amends the term "income", which is used to determine eligibility for the means-tested Property Tax and Rent Rebate Program (PTRR), to exclude a distribution from a qualified retirement plan that is invested in another qualified plan within 60 days by prescribing the following:

For a person who receives a payment from a qualified plan under the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.) and deposits all or a portion of the payment in another qualified plan under the Internal Revenue Code of 1986 within 60 days after receipt of the payment, the amount deposited shall be excluded from income.

Funds distributed from a qualified retirement plan not invested into another qualified plan within 60 days will continue to be considered income under the program. Senate Bill 230 codifies current practice with regard to how the Department of Revenue treats these "rollovers" for purposes of determining PTRR eligibility income.

The amendment of the definition of "income" in section 1303 of the Taxpayer Relief Act shall apply to calendar years beginning after December 31, 2022. This act shall take effect in 60 days.

FISCAL IMPACT:

Senate Bill 230 will have no fiscal impact on Commonwealth funds. A portion of the PTRR program is funded by the Lottery Fund, and the remainder is funded by the Property Tax Relief Fund.

The Department of Revenue, which administers the PTRR program, indicates that rollovers from a qualified plan are excluded from the definition of income under

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current and past practice of the department. The department publishes rules regarding the exclusion of rollovers in the PA-1000 instruction booklet, the PTRR Preparation Guide (DFO-03) and on its publicly accessible internet website.