



STATE TAX LEGISLATIVE SUMMARY – DECEMBER 2023

ACT 64 of 2023 (SB 815) made the following changes to the Tax Reform Code:

Personal Income Tax:

- Provides that personal income received by a resident trust, and the classes of income received by a nonresident trust from sources within this Commonwealth, shall be taxable to the grantor of the trust or another person to the extent the grantor or other person is treated as the owner of the trust under specified sections of the Internal Revenue Code of 1986, as amended, whether or not such income is distributed or distributable to the beneficiaries of the trust or accumulated.
- Changes would apply to tax years beginning 2025 and after.

Qualified Manufacturing Innovation and Reinvestment Deduction:

- Lowers the minimum private capital investment from \$60 million to \$50 million.
- The maximum allowable deduction is now 25 percent for taxpayers investing greater than \$50 million and less than or equal to \$100 million.
- Establishes required timelines for project completion and the completion of administrative requirements, depending on the level of private capital investment.
- Changes would apply to tax years beginning 2024 and after.

ACT 34 of 2023 (HB 1300) made the following changes to the Fiscal Code:

Personal Income Tax:

- Excludes amounts paid or incurred by an employer of an employee for dependent care assistance provided to the employee that are excludable under 26 U.S.C. § 129 (relating to dependent care assistance programs) from Personal Income Tax.
- Increases the Child and Dependent Care Enhancement Tax Credit from 30 percent of the federal credit to 100 percent of the federal credit, against Personal Income Tax, effective for tax year 2023.

Other:

- Increases the 911 Emergency Communication Services surcharge from \$1.65 to \$1.95 beginning March 1, 2024, and ending January 31, 2026.



- Provides that an institution shall be considered to benefit a substantial and indefinite class of persons who are legitimate subjects of charity if the institution meets the outlined criteria.
- Provides for additional Keystone Opportunity Expansion Zones.
- Repeals the provisions for the Enhanced Revenue Collection Account.
- Provides for the extension of the transfer of revenues from General Fund Cigarette Tax collections to the Tobacco Settlement Fund for fiscal year 2023-24.
- Provides for the transfer of \$10,538,000 to the Environmental Stewardship Fund from Personal Income Tax revenue for fiscal year 2023-24.
- Provides for the transfer of \$4,000,000 to the Surface Mining Conservation and Reclamation Fund from Personal Income Tax revenue for fiscal year 2023-24.
- Provides for the transfer of \$31,900,000 to the General Fund from the Medical Marijuana Program Fund for fiscal year 2023-24.
- Makes permanent the annual transfer to the Sports Marketing and Tourism Account an amount equal to 5% of Sports Wagering Tax revenue, or \$2,500,000, whichever is greater, but not to exceed \$5,000,000.

ACT 33 of 2023 (HB 301) made the following changes to the Public School Code:

Educational Improvement Tax Credit:

- Increases the program cap from \$340 million to \$470 million, effective for fiscal year 2023-24.

Educational Opportunity Scholarship Tax Credit:

- Increases the program cap from \$65 million to \$85 million, effective for fiscal year 2023-24.

ACT 7 of 2023 (HB 1100) made the following changes to the Taxpayer Relief Act:

Property Tax/Rent Rebate Program:

- Increases the maximum eligibility income to \$45,000 for both homeowners and renters. This is increased from \$35,000 for homeowners and \$15,000 for renters.
- Increases maximum rebates at all eligibility income levels for both renters and owners according to the schedule below for claim year 2023:



HOUSEHOLD ELIGIBILITY INCOME	MAXIMUM REBATE
\$0 - \$8,000	\$1,000
\$8,001 - \$15,000	\$770
\$15,001 - \$18,000	\$460
\$18,001 - \$45,000	\$380

- Provides that eligibility income and supplement parameters will increase annually according to the Consumer Price Index (CPI) for All Urban Consumers statistics published by the United States Bureau of Labor Statistics, rounded to the nearest \$10. In the case of a decline in CPI, eligibility income limits will remain the same.