

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 305 Session of 2013

INTRODUCED BY DENLINGER, AUMENT, BAKER, CAUSER, COHEN, CUTLER, EVANKOVICH, GINGRICH, GRELL, GROVE, C. HARRIS, HESS, HICKERNELL, KAUFFMAN, F. KELLER, M. K. KELLER, LONGIETTI, MARSHALL, MATZIE, MICOZZIE, MILLER, MOUL, PICKETT, QUINN, ROCK, SAYLOR, SIMMONS, SWANGER, WATSON AND GABLER, FEBRUARY 5, 2013

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 5, 2013

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," providing for a natural gas corridor tax credit;
 11 and imposing penalties.

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

14 Section 1. Article XVIII-C Heading of the act of March 4,
 15 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, added
 16 July 9, 2008 (P.L.922, No.66), is amended to read:

ARTICLE XVIII-C

[(RESERVED)]

NATURAL GAS CORRIDOR TAX CREDIT

20 Section 2. The act is amended by adding sections to read:

1 Section 1801-C. Definitions.

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

5 "Applicant." A company which meets the eligibility
6 requirements for the tax credit under this article.

7 "Committee." The Natural Gas Corridor Tax Credit Committee.

8 "Company." An entity doing business in this Commonwealth
9 which is subject to tax under Article III, IV or VI. The term
10 shall include the shareholder of a Pennsylvania S corporation
11 that is eligible for the tax credit under this article.

12 "Department." The Department of Revenue of the Commonwealth.

13 "Eligible corridor." The portions of I-76, I-78, I-79, I-80,
14 I-81, I-83 and I-95 within the boundaries of this Commonwealth.

15 "Natural gas corridor tax credit." Tax credits for which the
16 Department of Revenue has issued a certificate under this
17 article.

18 "Natural gas fueling station." A facility which dispenses
19 compressed natural gas or compressed natural gas and liquefied
20 natural gas to the public for vehicle refueling purposes and
21 does not include time-fill stations.

22 "Natural gas infrastructure plan." A company's plan to
23 transition organizational structures needed for the operation of
24 natural gas fueling stations, by converting existing stations or
25 purchasing new or used natural gas fueling equipment.

26 "Secretary." The Secretary of Revenue of the Commonwealth.

27 "Start date." The date on which the company may begin the
28 company's infrastructure plan for natural gas fueling stations.

29 Section 1802-C. Eligibility.

30 In order to be eligible to receive a natural gas corridor tax

1 credit, a company must demonstrate to the department the
2 following:

3 (1) A comprehensive plan to do any of the following:

4 (i) Build one or more natural gas fueling stations.

5 (ii) Add compressed natural gas fueling capacity to
6 one or more existing stations which sells gasoline.

7 (iii) A combination of paragraph (1) and (2).

8 (2) The stations must be open to the public.

9 (3) The stations must be located within two miles of an
10 eligible corridor.

11 Section 1803-C. Application process.

12 (a) Application.--A company must complete and submit to the
13 department a natural gas corridor tax credit application.

14 (b) Committee approval process.--

15 (1) The Natural Gas Corridor Tax Credit Committee is
16 established and shall be made up of members designated by the
17 following, except that none of the following may be
18 designees:

19 (i) The Secretary of Community and Economic
20 Development of the Commonwealth.

21 (ii) The Secretary of Transportation of the
22 Commonwealth.

23 (iii) The secretary.

24 (iv) The Secretary of Environmental Protection.

25 (v) The chairman of the Marcellus Shale Coalition of
26 the Commonwealth.

27 (vi) The Executive Director of Associated Petroleum
28 Industries of Pennsylvania.

29 (2) Once applications have been filed with the
30 department, the committee shall review all applications and

1 rank applications according to the total number of natural
2 gas stations and gasoline stations adding natural gas fueling
3 capacity proposed to be built along a single eligible
4 corridor or a continuous travel route utilizing only the
5 eligible corridors, with a spacing of at least 50 miles and
6 no more than 100 miles from another natural gas station
7 within two miles of the eligible corridor.

8 (c) Approval.--Once applications are ranked by the
9 committee, the department shall approve the companies'
10 applications according to their discretion and availability of
11 natural gas corridor tax credits. The department and the company
12 shall execute a commitment letter containing the following:

13 (1) A description of the natural gas fueling
14 infrastructure plan.

15 (2) The amount of private capital investment in the
16 natural gas fueling infrastructure plan.

17 (3) A signed statement that the company intends to
18 complete its natural gas fueling infrastructure plan within
19 eighteen months.

20 (4) Any other information as the department deems
21 appropriate.

22 (d) Commitment letter.--After a commitment letter has been
23 signed by the Commonwealth and the company, the company shall
24 receive a natural gas corridor tax credit certificate and filing
25 information.

26 Section 1804-C. Natural gas corridor tax credits.

27 (a) Maximum amount.--A company may claim a natural gas
28 corridor tax credit for up to 50% of the total cost of the
29 compressed natural gas station or the total cost of adding
30 compressed natural gas fueling capacity to an existing station

1 which sells gasoline. For the purposes of this subsection, the
2 total cost may not exceed \$500,000.

3 (b) Applicable taxes.--A company may apply the natural gas
4 corridor tax credit to 100% of all or a combination of any of
5 the following taxes of the company:

6 (1) State corporate net income tax.

7 (2) Capital stock and franchise tax or the capital stock
8 and franchise tax of a shareholder of the company if the
9 company is a Pennsylvania S corporation.

10 (3) Gross premiums tax.

11 (4) Gross receipts tax.

12 (5) Bank and trust company shares tax.

13 (6) Mutual thrift institution tax.

14 (7) Title insurance company shares tax.

15 (8) Personal income tax or the personal income tax of
16 shareholders of a Pennsylvania S corporation.

17 (c) Term.--A company may claim the natural gas corridor tax
18 credit in one year or spread the credit over a period determined
19 by the department but not to exceed five years from the date the
20 company first submits a certificate.

21 (d) Sale or assignment.--

22 (1) A natural gas corridor tax credit recipient, upon
23 application to and approval by the department, may sell or
24 assign, in whole or in part, a natural gas corridor tax
25 credit granted to the recipient if no claim for allowance of
26 the credit is filed within one year from the date the credit
27 is granted by the department.

28 (2) The purchaser or assignee of a natural gas corridor
29 tax credit shall immediately claim the credit in the taxable
30 year in which the purchase or assignment is made. The

1 purchaser or assignee may not carry back, obtain a refund of
2 or sell or assign the natural gas corridor tax credit. The
3 purchaser or assignee shall notify the department of the
4 seller or assignor of the natural gas corridor tax credit in
5 compliance with procedures specified by the department.

6 (3) The department shall promulgate guidelines for the
7 approval of applications under this subsection.

8 (e) Availability.--Each fiscal year, \$5,000,000 in natural
9 gas corridor tax credits shall be made available to the
10 department and may be awarded by the department in accordance
11 with this article.

12 Section 1805-C. Penalties.

13 (a) Failure to maintain operations.--A company which
14 receives natural gas corridor tax credits and fails to operate
15 the natural gas fueling station for which it received the tax
16 credits for a period of five years from the start date shall
17 refund to the Commonwealth the total amount of credits granted.

18 (b) Failure to complete the natural gas infrastructure
19 plan.--A company which receives natural gas corridor tax credits
20 and fails to complete the natural gas infrastructure plan within
21 18 months shall refund to the Commonwealth the total amount of
22 credits granted.

23 (c) Waiver.--The department may waive the penalties under
24 subsections (a) and (b) if it is determined that a company's
25 natural gas fueling infrastructure plan was not completed
26 because of circumstances beyond the company's control.
27 Circumstances shall include natural disasters, unforeseen
28 industry trends or a loss of a major supplier or market. The
29 company must promptly notify the department of circumstances
30 beyond the company's control which would delay completion of the

1 project.

2 Section 1806-C. Report to General Assembly.

3 No later than June 1, 2014, and each June 1 thereafter, the
4 department shall submit a report on the natural gas corridor tax
5 credits granted under this article. The report shall include the
6 names of taxpayers who utilized the credit as of the date of the
7 report and the amount of credits approved. The report may
8 include recommendations for changes in the calculation or
9 administration of the natural gas corridor tax credit and other
10 information as the department deems appropriate. The report
11 shall be submitted to all of the following:

12 (1) The chairman and minority chairman of the
13 Appropriations Committee of the Senate.

14 (2) The chairman and minority chairman of the
15 Appropriations Committee of the House of Representatives.

16 (3) The chairman and minority chairman of the Finance
17 Committee of the Senate.

18 (4) The chairman and the minority chairman of the
19 Finance Committee of the House of Representatives.

20 Section 1807-C. Time limitations.

21 A company shall not be entitled to a natural gas corridor tax
22 credit for taxable years ending after December 31, 2018.

23 Section 1808-C. Regulations.

24 The secretary shall promulgate regulations necessary for the
25 implementation and administration of this article.

26 Section 3. This act shall take effect in 60 days.