

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2754 Session of
2008

INTRODUCED BY BENNINGHOFF, ADOLPH, BEAR, BOYD, CALTAGIRONE,
CAUSER, CUTLER, EVERETT, FRANKEL, GIBBONS, GINGRICH,
GODSHALL, GOODMAN, GRELL, HENNESSEY, HERSHEY, KOTIK, KULA,
LONGIETTI, MAJOR, MANN, McILHATTAN, R. MILLER, MILNE,
M. O'BRIEN, PYLE, QUINN, READSHAW, REED, REICHLLEY, ROCK,
ROSS, SAYLOR, SCAVELLO, SIPTROTH, SONNEY, SWANGER AND
YOUNGBLOOD, SEPTEMBER 9, 2008

REFERRED TO COMMITTEE ON FINANCE, SEPTEMBER 9, 2008

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

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

18 (a.8) The following shall apply:

19 (1) The purchase price at retail or use of a geothermal
20 energy system by an individual purchaser for nonbusiness use

1 shall be deductible on the annual personal income tax return,
2 provided that the product has been certified as in compliance
3 with and qualifies as an Energy Star product pursuant to the
4 Environmental Protection Agency and the Department of Energy,
5 Energy Star Program and bears the Energy Star label. The amount
6 of the allowable deduction shall be ten per cent of the
7 aggregate purchase price at retail or use of geothermal energy
8 system in the taxable year, not to exceed two thousand five
9 hundred dollars (\$2,500). The deduction of this clause does not
10 include the leasing, rental, repair or servicing of a geothermal
11 energy system. For the purposes of this paragraph, "geothermal
12 energy system" is equipment that uses the thermal energy of the
13 ground or groundwater as the heat source and heat sink for
14 residential space heating or cooling functions only, or both,
15 consisting of one or more factory-made assemblies that normally
16 include an indoor conditioning coil with air moving means,
17 compressor and refrigerant to fluid a heat exchanger, that
18 provides a partial or all of the domestic water heating through
19 the use of a desuperheater, integrated demand water heater or a
20 separately installed compressor that provides demand water
21 heating, including all equipment and connections from the point
22 at which the ground heat exchanger enters the house, except for
23 indoor equipment that was installed by someone not representing
24 the manufacturer or manufacturer's representative. Geothermal
25 heat pumps included in this paragraph must, at a minimum,
26 contain an Energy Star rating of: Energy Efficiency Ratio (EER)
27 14.1, Coefficient of Performance (COP) 3.3 for Closed Loop
28 Systems, Energy Efficiency Ratio (EER) 16.2 Coefficient of
29 Performance (COP) 3.6 for Open Loop Systems and Energy
30 Efficiency Ratio (EER) 15 Coefficient of Performance (COP) 3.5

1 for Direct Expansion Systems.

2 (2) This subsection shall apply to taxable years beginning
3 after December 31, 2008, through the first taxable year
4 beginning after December 31, 2017. The department in conjunction
5 with the Department of Environmental Protection shall offer a
6 review by December 31, 2009, of this subsection showing the
7 fiscal impact and offering an evaluation of the program to the
8 General Assembly.

9 (3) The department shall promulgate regulations it deems
10 necessary to implement the provisions of this subsection and
11 shall cooperate with the Department of Environmental Protection
12 in ensuring adherence to any energy and environmental standards
13 or criteria associated with this subsection.

14 * * *

15 Section 2. This act shall take effect July 1, 2009.