

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1966 Session of 2011

INTRODUCED BY K. SMITH, BAKER, CALTAGIRONE, CARROLL, D. COSTA, DALEY, DAVIS, DeLUCA, EVERETT, GINGRICH, GROVE, HARKINS, KOTIK, MURT, M. O'BRIEN, PASHINSKI, READSHAW, STABACK, STURLA, SWANGER, TAYLOR, THOMAS AND WHITE, NOVEMBER 9, 2011

REFERRED TO COMMITTEE ON FINANCE, NOVEMBER 9, 2011

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 definitions and for classes of income; and, in corporate net
12 income tax, further providing for definitions.

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

15 Section 1. Sections 301 and 303 of the act of March 4, 1971
16 (P.L.6, No.2), known as the Tax Reform Code of 1971, are amended
17 by adding subsections to read:

18 Section 301. Definitions.--Any reference in this article to
19 the Internal Revenue Code of 1986 shall mean the Internal
20 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.),
21 as amended to January 1, 1997, unless the reference contains the
22 phrase "as amended" and refers to no other date, in which case

1 the reference shall be to the Internal Revenue Code of 1986 as
2 it exists as of the time of application of this article. The
3 following words, terms and phrases when used in this article
4 shall have the meaning ascribed to them in this section except
5 where the context clearly indicates a different meaning:

6 * * *

7 (1.3) "Natural gas" means fossil fuel consisting of a
8 mixture of hydrocarbon gases, primarily methane, possibly
9 including ethane, propane, butane, pentane, carbon dioxide,
10 oxygen, nitrogen and hydrogen sulfide and other gas species. The
11 term includes gas from oil fields known as associated gas or
12 casing head gas, natural gas fields known as nonassociated gas,
13 coal beds, shale beds and other formations.

14 (1.4) "Natural gas-powered product" means Department of
15 Revenue-approved product or part thereof that uses natural gas
16 as its primary fuel source.

17 * * *

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

19 (a.8) An amount equal to twenty per cent of the total amount
20 of all capital, operation and maintenance costs paid for
21 manufacturing natural gas-powered products in the taxable year
22 shall be deductible from taxable income on the annual personal
23 income tax return of a taxpayer.

24 * * *

25 Section 2. Section 401(3)1 of the act is amended by adding a
26 paragraph and the section is amended by adding clauses to read:

27 Section 401. Definitions.--The following words, terms, and
28 phrases, when used in this article, shall have the meaning
29 ascribed to them in this section, except where the context
30 clearly indicates a different meaning:

* * *

(3) "Taxable income." 1. * * *

(t) An additional deduction shall be allowed from taxable income in an amount equal to twenty per cent of the total amount of all capital, operation and maintenance costs paid for manufacturing natural gas-powered products in the taxable year.

* * *

(8) "Natural gas." A fossil fuel consisting of a mixture of hydrocarbon gases, primarily methane, possibly including ethane, propane, butane, pentane, carbon dioxide, oxygen, nitrogen and hydrogen sulfide and other gas species. The term includes gas from oil fields known as associated gas or casing head gas, natural gas fields known as nonassociated gas, coal beds, shale beds and other formations.

(9) "Natural gas-powered product." A Department of Revenue-approved product or part thereof that uses natural gas as its primary fuel source.

Section 3. This act shall apply to taxable years beginning after December 31, 2011.

Section 4. This act shall take effect immediately.