AN ACT

Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An act relating to tax reform and State taxation by codifying and enumerating certain subjects of taxation and imposing taxes thereon; providing procedures for the payment, collection, administration and enforcement thereof; providing for tax credits in certain cases; conferring powers and imposing duties upon the Department of Revenue, certain employers, fiduciaries, individuals, persons, corporations and other entities; prescribing crimes, offenses and penalties," providing for mechanical insulation installation tax credit.

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

Section 1. The act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended by adding an article to read:

ARTICLE XVIII-I

MECHANICAL INSULATION INSTALLATION TAX CREDIT

Section 1801-I. Scope of article.

This article relates to the tax credits for the installation of mechanical insulation using the minimum ASHRAE standard for
shovel-ready, cost-saving and energy-saving projects.

Section 1802-I. Definitions.

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

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

"Mechanical insulation." Insulation materials, facings and accessory products used for thermal requirements for mechanical piping and equipment, hot and cold applications and heating, venting and air conditioning applications.


"Qualified tax liability." The liability for a tax imposed under Article IV.

"Qualified taxpayer." A company to which the following applies:

(1) Makes a capital investment of at least $10,000 for the installation of mechanical insulation on a commercial or industrial property within this Commonwealth.

(2) Adheres to the minimum ASHRAE standard for installations under paragraph (1).

"Tax credit." The mechanical insulation installation tax credit established under this article.

Section 1803-I. Mechanical insulation installation tax credit.

(a) Purpose.--The mechanical insulation installation tax credit is established to motivate owners, developers and contractors to advance and install mechanical insulation using the minimum ASHRAE standard for shovel-ready, cost-saving and energy-saving projects.
(b) Availability.--Each fiscal year, $5,000,000 in tax credits shall be made available to the department to be awarded in accordance with this article.

Section 1804-I. Application and approval of tax credit.

(a) Rate.--The tax credit shall be equal to no more than 30% of the total capital investment for the installation of mechanical insulation on a commercial or industrial property within this Commonwealth for the applicable taxable year. Total capital investment shall include, but not be limited to, the following:

(1) Amounts paid during the taxable year for the purchase of mechanical insulation that is installed on the commercial or industrial property.

(2) Labor costs paid that are properly allocable to the preparation, assembly and installation of mechanical insulation on the commercial or industrial property during the taxable year.

(b) Application.--

(1) A qualified taxpayer may apply to the department for a tax credit under this section.

(2) The application must be submitted on a form prescribed by the department and shall include all the following:

(i) Information required by the department to document the total cost of the capital investment for the installation of mechanical insulation on a commercial or industrial property as specified under subsection (a).

(ii) Information required by the department to verify the applicant is a qualified taxpayer.

(iii) Any other information as the department deems
appropriate.

(c) Review and approval.--The department shall review the application for the tax credit and issue an approval or disapproval to the applicant. Upon approval, the department shall issue a certificate stating the amount of tax credit granted to the qualified taxpayer.

Section 1805-I. Use of tax credits.

(a) Claiming the credit.--Upon receipt of the approval of the application and the certificate under section 1804-I(c), the qualified taxpayer may claim a tax credit against the qualified tax liability for the taxable year in which the capital investment was made.

(b) Limitation.--The tax credit may be applied against up to 50% of the qualified taxpayer's qualified tax liability for the taxable year.

(c) Sale or assignment.--A tax credit awarded under this article may not be sold, assigned or transferred.

(d) Carryover, carryback, and refund.--A tax credit awarded under this article may not be carried back, carried forward or used to obtain a refund.

Section 1806-I. Report to General Assembly.

(a) Report.--No later than one year after the year in which tax credits are first awarded under this article, and each October 1 thereafter, the department shall submit a report on the tax credit to all of the following:

(1) The chair and minority chair of the Appropriations Committee of the Senate.

(2) The chair and minority chair of the Finance Committee of the Senate.

(3) The chair and minority chair of the Appropriations
Committee of the House of Representatives.

(4) The chair and minority chair of the Finance Committee of the House of Representatives.

(b) Contents.--The report under subsection (a) shall include the names of the qualified taxpayers utilizing the tax credit as of the date of the report and the amount of tax credits approved for and utilized by each qualified taxpayer.

Section 2. This act shall take effect in 60 days.