THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL No. 2245 Session of 2008

INTRODUCED BY M. SMITH, REED, ADOLPH, BAKER, BARRAR, BEAR, BELFANTI, BENNINGHOFF, BEYER, BOYD, BRENNAN, CALTAGIRONE, CAPPELLI, CAUSER, CREIGHTON, CUTLER, DALLY, DeLUCA, DENLINGER, EACHUS, ELLIS, EVERETT, FLECK, FRANKEL, FREEMAN, GEIST, GIBBONS, GINGRICH, GODSHALL, GOODMAN, GRUCELA, HARHAI, HARHART, HARRIS, HERSHEY, HESS, HUTCHINSON, M. KELLER, KILLION, KORTZ, KOTIK, LONGIETTI, MACKERETH, MAHONEY, MAJOR, McCALL, McILHATTAN, McILVAINE SMITH, MELIO, MENSCH, R. MILLER, MILNE, MOYER, MURT, MUSTIO, MYERS, PARKER, PAYNE, PEIFER, PERRY, PETRARCA, PETRONE, PICKETT, PYLE, QUIGLEY, READSHAW, ROAE, RUBLEY, SAINATO, SAMUELSON, SCAVELLO, SCHRODER, SIPTROTH, K. SMITH, SONNEY, SURRA, SWANGER, J. TAYLOR, R. TAYLOR, THOMAS, TURZAI, VITALI, VULAKOVICH, WALKO, J. WHITE, YOUNGBLOOD AND YUDICHAK, FEBRUARY 14, 2008

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 14, 2008

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 3 and enumerating certain subjects of taxation and imposing taxes thereon; providing procedures for the payment, collection, administration and enforcement thereof; providing 6 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 9 10 penalties," providing for an Energy Star rated product 11 manufacturing tax credit.
- 12 The General Assembly of the Commonwealth of Pennsylvania
- 13 hereby enacts as follows:
- 14 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
- 15 the Tax Reform Code of 1971, is amended by adding an article to
- 16 read:

1	<u>ARTICLE XVIII-C</u>
2	ENERGY STAR RATED PRODUCT
3	MANUFACTURING TAX CREDIT
4	Section 1801-C. Definitions.
5	The following words and phrases when used in this article
6	shall have the meanings given to them in this section unless the
7	<pre>context clearly indicates otherwise:</pre>
8	"Energy Star rated product." A product that has been
9	certified as in compliance with and qualifies as an Energy Star
10	product pursuant to the Environmental Protection Agency and the
11	Department of Energy, Energy Star Program and bears the Energy
12	Star label.
13	"Energy Star rated product tax credit" or "tax credit." The
14	credit provided under this article.
15	"Department." The Department of Revenue of the Commonwealth.
16	"Qualified tax liability." The liability for taxes imposed
17	under Article III, IV, V or VI. The term does not include any
18	tax withheld by an employer from an employee under Article III.
19	"Taxpayer." An entity subject to tax under Article III, IV,
20	V or VI.
21	Section 1802-C. Eligible applicants.
22	A taxpayer that manufactures Energy Star rated products may
23	apply for the Energy Star rated product manufacturing tax credit
24	as provided under this article. By February 1 of each year, a
25	taxpayer must submit an application to the department for the
26	amount of costs identified under section 1803-C that were paid
27	in the taxable year that ended the prior calendar year.
28	Section 1803-C. Award of tax credits.
29	A taxpayer that is qualified under section 1802-C may receive
30	an Energy Star rated product manufacturing tax credit for the

- 1 taxable year in an amount equal to 20% of the total amount of
- 2 <u>all capital</u>, operation and maintenance costs paid for
- 3 manufacturing Energy Star related products in the taxable year
- 4 to be applied against the taxpayer's qualified tax liability.
- 5 <u>Section 1804-C.</u> Carryover and carryback of credit.
- 6 (a) Carryover.--If the taxpayer cannot use the entire amount
- 7 of the Energy Star rated products manufacturing tax credit for
- 8 the taxable year in which the tax credit is first approved, the
- 9 excess may be carried over to succeeding taxable years and used
- 10 as a credit against the qualified tax liability of the taxpayer
- 11 for those taxable years. Each time that the tax credit is
- 12 carried over to a succeeding taxable year, it is to be reduced
- 13 by the amount that was used as a credit during the immediately
- 14 preceding taxable year. The tax credit provided under this
- 15 <u>article may be carried over and applied to succeeding taxable</u>
- 16 years for no more than five taxable years following the first
- 17 taxable year for which the taxpayer was entitled to claim the
- 18 tax credit.
- 19 (b) Application. -- An Energy Star rated product manufacturing
- 20 tax credit approved by the department in a taxable year first
- 21 shall be applied against the taxpayer's qualified tax liability
- 22 for the current taxable year as of the date on which the tax
- 23 credit was approved before the tax credit is applied against any
- 24 <u>tax liability under subsection (a).</u>
- 25 (c) Carryback.--A taxpayer is not entitled to carry back or
- 26 <u>obtain a refund of an unused Energy Star rated product</u>
- 27 manufacturing tax credit.
- 28 <u>Section 1805-C. Termination.</u>
- 29 <u>The department shall not approve an Energy Star rated product</u>
- 30 manufacturing tax credit under this article for taxable years

- ending after December 31, 2012. 1
- 2 <u>Section 1806-C. Regulations.</u>
- The department shall promulgate regulations necessary for the 3
- implementation and administration of this article. 4
- 5 Section 2. The addition of Article XVIII-C of the act shall
- 6 apply to tax years beginning after December 31, 2007.
- 7 Section 3. This act shall take effect immediately.