HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 309 **PRINTERS NO.** 1519 **PRIME SPONSOR**: Grove

REVENUE INCREASE / (DECREASE)

FUND	FY 2012/13	FY 2013/14
General Fund	**$0**	**($30,000,000)**

SUMMARY: House Bill 309, Printer's Number 1519, amends the Tax Reform Code to provide for a natural gas vehicle tax credit. This legislation would take effect in 60 days upon enactment.

ANALYSIS: This bill amends the Tax Reform Code (Act 2 of 1971) to add Article XIX-B to provide for a natural gas vehicle tax credit for the purchase of a natural gas vehicle with a gross vehicle weight in excess of 33,000 pounds. To receive the tax credit, the taxpayer must submit an application by September 15 to the Department of Community and Economic Development (DCED) for each qualified expense that was incurred in the taxable year that ended in the prior calendar year.

For each qualified expense, the taxpayer shall receive a tax credit equaling the lessor of 50% of the incremental cost of the natural gas vehicle or $12,500. The "incremental cost" is defined as the difference between the cost of a natural gas vehicle and the cost of the same or similar motor vehicle, manufactured to operate exclusively on gasoline or diesel fuel.

A shareholder of a PA S-corporation or member of a pass-through entity that is not a PA S-corporation is entitled to a natural gas vehicle tax credit if the business entity does not have an eligible tax liability against which the tax credit may be applied. The claimant is entitled to a tax credit in an amount equal to the same percentage of the company's distributive income the shareholder or pass-through member is entitled to.

Any portion of unused tax credit may be carried over to a succeeding year. Each time the tax credit is carried over to a succeeding year, the taxpayer is to reduce the amount of tax credit by the amount that was used in the preceding year. The tax credit cannot be carried over for more than five years following the first year the taxpayer is entitled to the tax credit.

Taxpayers cannot carryback or obtain a refund of any unused tax credit. A taxpayer is permitted to sell or reassign a tax credit, in whole or in part.

Upon purchase or assignment of a tax credit, the purchaser or assignee must immediately claim the tax credit in the taxable year it was purchased or assigned. The amount of the tax credit a purchaser or assignee may use cannot exceed 75% of a qualified PIT, CNI, or CSFT tax liability for the taxable year. A purchased or assigned tax credit cannot be carried over, carried back, refunded, or reassigned.

A total of $30 million in tax credit certificates will be made available in any fiscal year, with no more than $1 million in tax credits going to a single taxpayer.

FISCAL IMPACT: Enactment of this bill will reduce General Fund revenues by up to $30 million annually assuming there are enough eligible applicants for the available natural gas vehicle tax credits. Such tax credits shall not be available after December 31, 2016.

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House Appropriations Committee (R)

DATE: April 17, 2013

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.