

## 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," providing for a natural gas fleet vehicle tax  
11 credit; and imposing penalties.

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:

17 ARTICLE XVII-G.2

18 NATURAL GAS FLEET VEHICLE TAX CREDIT

19 Section 1701-G.2. Definitions.

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

1     "Applicant." A company which meets the eligibility  
2     requirements for the tax credit issued under this article.

3     "Committee." The Natural Gas Fleet Vehicle Tax Credit  
4     Committee.

5     "Company." An entity doing business in this Commonwealth  
6     which owns five or more vehicles and which is subject to tax  
7     under Article III, IV or VI. The term includes the shareholder  
8     of a Pennsylvania S corporation that is eligible for the tax  
9     credit provided under this article.

10    "Conversion plan." A natural gas conversion plan.

11    "Dedicated compressed natural gas vehicle." A vehicle that  
12    is produced by an original equipment manufacturer or a small  
13    volume manufacturer that operates on 90% or more compressed  
14    natural gas fuel and 10% or less on gasoline or diesel fuel.

15    "Dedicated liquefied natural gas vehicle." A vehicle that is  
16    produced by an original equipment manufacturer or a small volume  
17    manufacturer that operates on 90% or more liquefied natural gas  
18    fuel and 10% or less on gasoline or diesel fuel.

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

20    "Fleet vehicle." A vehicle registered to a company.

21    "Incremental cost." The excess cost of a new natural gas  
22    motor vehicle over the price for a gasoline or diesel fuel motor  
23    vehicle of the same model. The term includes the cost to retro-  
24    fit a vehicle to operate on natural gas.

25    "Natural gas conversion plan." A company's plan to convert  
26    existing fleet vehicles to compressed or liquid natural gas-  
27    fueled vehicles by converting existing vehicles or purchasing  
28    new natural gas-fueled vehicles.

29    "Natural gas fleet vehicle tax credit." Tax credits for  
30    which the Department of Revenue has issued a certificate under

1 this article.

2 "Secretary." The Secretary of Revenue of the Commonwealth.

3 "Start date." The date on which the company may begin the  
4 company's conversion plan to natural gas-fueled fleet vehicles

5 Section 1702-G.2. Eligibility.

6 (a) Demonstration.--In order to be eligible to receive a  
7 natural gas fleet vehicle tax credit, a company must demonstrate  
8 to the department the following:

9 (1) A comprehensive natural gas conversion plan of fleet  
10 vehicles within four years of the start date.

11 (2) A natural gas conversion plan with financial  
12 viability.

13 (3) A statement of the projected usage of natural gas  
14 stated in gasoline gallon equivalents accompanied by the  
15 methodology utilized.

16 (4) The intent to maintain operations in this  
17 Commonwealth for a period of no less than five years from the  
18 start date.

19 (5) Minimum fuel usage of 900 gasoline gallon  
20 equivalents per day. Fuel usage requirements may be met from  
21 a single applicant or multiple companies under a single  
22 application if:

23 (i) The companies have an agreement to utilize a  
24 single natural gas fueling facility.

25 (ii) The companies demonstrate that the utilization  
26 of the single natural gas fueling facility would be at a  
27 minimum level of 900 gasoline gallon equivalents per day  
28 or have an existing contract with a third party fuel  
29 provider that is willing to construct the station if the  
30 natural gas vehicle tax credit is awarded.

1 (b) Eligible vehicle and retrofit types.--The following  
2 shall constitute eligible vehicle and retrofit types under this  
3 chapter:

4 (1) Dedicated compressed natural gas vehicles having a  
5 gross vehicle weight rating of at least 14,000 pounds.

6 (2) Dedicated liquefied natural gas vehicles having a  
7 gross vehicle weight rating of at least 14,000 pounds.

8 Section 1703-G.2. Application process.

9 (a) Application.--A company must complete and submit to the  
10 department a natural gas fleet vehicle tax credit application.

11 (b) Natural Gas Fleet Vehicle Tax Credit Committee  
12 establishment and duties.--

13 (1) The Natural Gas Fleet Vehicle Tax Credit Committee  
14 is established and shall consist of members designated by the  
15 following, except that none of the following may be  
16 designees:

17 (i) The Secretary of Community and Economic  
18 Development of the Commonwealth.

19 (ii) The Secretary of Transportation of the  
20 Commonwealth.

21 (iii) The Secretary of Environmental Protection.

22 (iv) The secretary.

23 (v) The chairman of the Marcellus Shale Coalition.

24 (vi) The Executive Director of Associated Petroleum  
25 Industries of Pennsylvania.

26 (2) Once applications have been filed with the  
27 department, the committee shall review all applications, rank  
28 applications according to projected gasoline gallon  
29 equivalents of natural gas and recommend applications to the  
30 department.

1     (c) Approval.--Once applications are ranked by the committee  
2     under subsection (b) (2), the department shall approve the  
3     applications according to their discretion and availability of  
4     natural gas fleet vehicle tax credits. The department and the  
5     company shall execute a commitment letter containing the  
6     following:

7             (1) A description of the natural gas conversion plan.

8             (2) The amount of private capital investment in the  
9     natural gas conversion plan.

10            (3) A signed statement that the company intends to  
11     complete its conversion plan and remain in this Commonwealth  
12     for five years from the start date.

13            (4) Any other information as the department deems  
14     appropriate.

15     (d) Commitment letter.--After a commitment letter has been  
16     signed by the Commonwealth and the company, the company shall  
17     receive a natural gas fleet vehicle tax credit certificate and  
18     filing information.

19     Section 1704-G.2. Natural gas fleet vehicle tax credits.

20     (a) Maximum amount.--A company may claim a natural gas fleet  
21     vehicle tax credit of up to 60% of the incremental cost for  
22     vehicles having a gross vehicle weight rating of at least 14,000  
23     pounds but no more than 26,000 pounds, or 50% of the incremental  
24     cost for vehicles having a gross vehicle weight rating over  
25     26,000 pounds. The incremental cost for vehicles with a gross  
26     vehicle weight rating between 14,000 pounds and 26,000 pounds  
27     shall be capped at \$25,000. The incremental cost for vehicles  
28     with a gross vehicle weight rating of more than 26,000 pounds  
29     shall be capped at \$50,000.

30     (b) Applicable taxes.--A company may apply the natural gas

fleet vehicle tax credit to 100% of all or a combination of any  
of the following taxes of the company:

(1) State corporate net income tax.

(2) Capital stock and franchise tax or the capital stock  
and franchise tax of a shareholder of the company if the  
company is a Pennsylvania S corporation.

(3) Gross premiums tax.

(4) Gross receipts tax.

(5) Bank and trust company shares tax.

(6) Mutual thrift institution tax.

(7) Title insurance company shares tax.

(8) Personal income tax or the personal income tax of  
shareholders of a Pennsylvania S corporation.

(c) Term.--A company may claim the natural gas fleet vehicle  
tax credit in one year or spread the credit over a period  
determined by the department but not to exceed five years from  
the date the company first submits a certificate.

(d) Sale or assignment.--

(1) A natural gas fleet vehicle tax credit recipient,  
upon application to and approval by the department, may sell  
or assign, in whole or in part, a natural gas fleet vehicle  
tax credit granted to the recipient if no claim for allowance  
of the credit is filed within one year from the date the  
credit is granted by the department.

(2) The purchaser or assignee of a natural gas fleet  
vehicle tax credit shall immediately claim the credit in the  
taxable year in which the purchase or assignment is made. The  
purchaser or assignee may not carry back, obtain a refund of  
or sell or assign the natural gas fleet vehicle tax credit.  
The purchaser or assignee shall notify the department of the

1 seller or assignor of the natural gas fleet vehicle tax  
2 credit in compliance with procedures specified by the  
3 department.

4 (3) The department shall promulgate guidelines for the  
5 approval of applications under this subsection.

6 (e) Availability.--Each fiscal year, \$25,000,000 in natural  
7 gas fleet vehicle tax credits shall be made available to the  
8 department and may be awarded by the department in accordance  
9 with this article.

10 Section 1705-G.2. Penalties.

11 (a) Failure to maintain operations.--A company which  
12 receives natural gas fleet vehicle tax credits and fails to keep  
13 and operate in this Commonwealth 80% of the natural gas vehicles  
14 for which they received the tax credits for a period of five  
15 years from the start date shall refund to the Commonwealth the  
16 total amount of credits granted.

17 (b) Failure to complete conversion plan.--A company which  
18 receives a natural gas fleet vehicle tax credit and fails to  
19 complete the conversion plan within four years shall refund to  
20 the Commonwealth the total amount of credits granted.

21 (c) Waiver.--The department may waive the penalties under  
22 subsections (a) and (b) if it is determined that a company's  
23 conversion plan was not completed because of circumstances  
24 beyond the company's control. Circumstances shall include  
25 natural disasters, unforeseen industry trends or a loss of a  
26 major supplier or market. The company must promptly notify the  
27 department of circumstances beyond its control which would delay  
28 completion of the project.

29 Section 1706-G.2. Report to General Assembly

30 No later than June 1, 2014, and each June 1 thereafter, the

department shall submit a report on the natural gas fleet  
vehicle tax credits granted under this article. The report shall  
include the names of taxpayers who utilized the credit as of the  
date of the report and the amount of credits approved. The  
report may include recommendations for changes in the  
calculation or administration of the natural gas fleet vehicle  
tax credit and other information as the department deems  
appropriate. The report shall be submitted to all of the  
following:

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

(2) The chairman and minority chairman of the  
Appropriations Committee of the House of Representatives.

(3) The chairman and minority chairman of the Finance  
Committee of the Senate.

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

Section 1707-G.2. Time limitations.

A company shall not be entitled to a natural gas fleet  
vehicle tax credit for taxable years ending after December 31,  
2016.

Section 1708-G.2. Regulations.

The secretary shall promulgate regulations necessary for the  
implementation and administration of this article.

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