
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1877 Session of
2001

INTRODUCED BY WOJNAROSKI, GEORGE, LAUGHLIN, PISTELLA, HALUSKA,
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ROBERTS, DALEY, TRICH, C. WILLIAMS, GRUCELA, STEELMAN AND
HORSEY, AUGUST 20, 2001

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
AUGUST 20, 2001

AN ACT

1 Providing for the reduction of greenhouse emissions through the
2 encouragement of the use of reclaimable combustion products.

3 WHEREAS, The General Assembly recognizes the benefits to the
4 environment of promoting the use of coal combustion products and
5 granulated blast furnace slag, including the consequent
6 reduction in carbon dioxide emissions from avoiding the
7 production of cement when these products are used in lieu of
8 cement in the making of concrete; and

9 WHEREAS, The General Assembly further recognizes that
10 concrete including coal combustion products or granulated blast
11 furnace slag is stronger and longer lasting, therefore the
12 General Assembly hereby provides for the evaluation of these
13 materials.

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

1 Section 1. Short title.

2 This act shall be known and may be cited as the Reduction of
3 Greenhouse Emissions Coal Act.

4 Section 2. Definitions.

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

8 "Coal combustion products (CCPs)." The by-products of the
9 combustion of coal generally resulting from power generation.
10 Generally, the term is deemed to include, but not be limited to,
11 fly ash, bottom ash and scrubber sludge.

12 "Collect." The collection and receipt at a storage or
13 processing facility of any reusable by-products of coal
14 combustion or granulated blast furnace slag.

15 "Granulated blast furnace slag." The granular by-product of
16 steel production which can also be used as a replacement for
17 cement in concrete manufacturing. For purposes of tax credit,
18 the term does not include any materials brought from outside the
19 United States, which would normally be disposed of in the
20 country of origin as a solid or hazardous waste.

21 "Process." The steps necessary to remanufacture coal
22 combustion products for their intended use.

23 "Reclaimable coal combustion products." Those materials
24 resulting from the segregation of coal combustion products which
25 still have useful physical or chemical properties after serving
26 a specific purpose and that would naturally be disposed of as
27 solid waste. The term does not include any materials brought
28 from outside the United States, which would normally be disposed
29 of in the country of origin as a solid or hazardous waste.

30 "Reclaimable granulated blast furnace slag." Fully ground up

1 material resulting from the production of steel that can be
2 converted into a recycled material in the production of
3 concretes. The term does not include any materials brought from
4 outside the United States, which would normally be disposed of
5 in the country of origin as a solid or hazardous waste.

6 "Reclaimable material." Either or both reclaimable coal
7 combustion products and reclaimable granulated blast furnace
8 slag.

9 "Recycled material." A substance produced from a reclaimable
10 coal combustion product or a reclaimable granulated blast
11 furnace slag.

12 Section 3. Deductions and credits.

13 (a) Deduction for purchase of recycled material.--

14 (1) In addition to any other applicable deduction
15 allowed in computing corporate net taxable income, a taxpayer
16 may deduct an additional amount equal to 10% of the
17 taxpayer's expenditures for the purchase of recycled material
18 that was otherwise deductible by the taxpayer as business-
19 related expenses.

20 (2) The deduction shall equal 15% if the recycled
21 material includes a reclaimable coal combustion product or
22 reclaimable granulated blast furnace slag generated within
23 this Commonwealth.

24 (b) Credits.--

25 (1) A credit against State taxes for investments in
26 depreciable property to collect or process reclaimable coal
27 combustion products or reclaimable granulated blast furnace
28 slag for investments in depreciable property to collect or
29 process reclaimable coal combustion products or reclaimable
30 granulated blast furnace slag or to manufacture a product

1 from such materials is hereby established.

2 (2) The amount of the credit that may be claimed under
3 this section for investments in depreciable property is
4 determined according to the following schedule:

5 (i) 25% of the cost of the property on the first
6 \$500,000 invested; and

7 (ii) 15% of the cost of the property on any
8 additional investment to a maximum investment of \$1
9 million, in any single year.

10 (3) A taxpayer qualifying for a credit is entitled to
11 claim such credit, as provided in this section, for the cost
12 of each item of property purchased to collect or process
13 reclaimable material or to manufacture a product from
14 reclaimed material only in the year in which the property was
15 purchased.

16 (4) The material may not be considered reclaimed by the
17 consumer, processor or manufacturer that generated the
18 reclaimable material.

19 (c) Limit on deductions and credits.--No credit for taxes or
20 deduction of taxes is allowed under this section for any
21 reclaimable material from outside the United States if that
22 material would have been disposed in the country of origin as a
23 solid waste or as a hazardous waste or if such material, because
24 of its composition, would be considered a waste product in this
25 Commonwealth, subject to hazardous or solid waste management
26 regulations.

27 (d) Additional requirements.--The following additional
28 requirements must be met to entitle a taxpayer to a tax credit
29 for investment property to collect or process reclaimable
30 material or to manufacture a product from reclaimed material:

1 (1) The investment must be for depreciable property used
2 primarily to collect or process reclaimable coal combustion
3 products or reclaimable granulated blast furnace slag.

4 (2) The taxpayer claiming a credit must be a person who
5 as an owner, including a contract purchaser or lessee, or who
6 pursuant to an agreement owns, leases or has a beneficial
7 interest in a business that collects or processes reclaimable
8 coal combustion products or reclaimable granulated blast
9 furnace slag or that manufactures a product from such
10 reclaimable material. For the purposes of this section, a
11 business qualifies as a business that collects reclaimable
12 material if it gathers such material for later sale or
13 processing for another business that has as its primary
14 business function the collection or processing of reclaimable
15 material or the manufacturer of a product from reclaimed
16 material. The collection of reclaimable material may be a
17 minor or nonprofit part of a business otherwise engaged in a
18 retail trade or other business activity.

19 (3) The taxpayer may, but need not, operate or conduct a
20 business that collects or processes reclaimable material or
21 manufactures a product from reclaimed material. If more than
22 one person has an interest in a business with qualifying
23 property, they may allocate all or any part of the investment
24 cost among themselves and their successors or assigns.

25 (4) The business must be owned or leased during the tax
26 year by the taxpayer claiming the credit and must have been
27 collecting or processing reclaimable material or
28 manufacturing a product from reclaimed material during the
29 tax year for which the credit is claimed.

30 (5) The reclaimed material collected, processed or used

1 to manufacture a product may not be an industrial waste
2 generated by the person claiming the tax credit unless:

3 (i) the person generating the waste historically had
4 disposed of the waste onsite or in a licensed landfill;
5 and

6 (ii) standard industrial practice has not generally
7 included the reuse of the waste in the manufacturing
8 process.

9 (6) The credit provided by this section is not in lieu
10 of any depreciation or amortization deduction for the
11 investment or other tax incentive to which the taxpayer
12 otherwise may be entitled to.

13 (7) A tax credit otherwise allowable under this section
14 that is not used by the taxpayer in the taxable year may not
15 be carried forward to offset a taxpayer's tax liability for
16 any succeeding tax year.

17 (8) The taxpayer's adjusted basis for determining gain
18 or loss may not be further decreased by any tax credits
19 allowed under this section.

20 (9) If the taxpayer is a shareholder of an electing
21 small business corporation, the credit must be computed using
22 the shareholder's pro rata share of the corporation's cost of
23 investing in equipment necessary to collect or process
24 reclaimable material or to manufacture a product from
25 reclaimed material. In all other respects, the allowance and
26 effect of the tax credit apply to the corporation as
27 otherwise provided by law.

28 Section 4. Minimum usage requirements.

29 (a) Declaration of policy.--The General Assembly recognizes
30 the value of incorporating recycled material into concrete mixes

1 for projects financed, funded and maintained by the
2 Commonwealth, including, but not limited to, paving projects,
3 highways, bridges and other projects. The Commonwealth
4 recognizes that increased utilization of recycled material will
5 produce longer lasting concretes, therefore more than offsetting
6 the credits granted in section 3.

7 (b) General rule.--The Department of Transportation shall
8 adopt rules and regulations that promote increased usage of
9 reclaimable coal combustion (fly ash) products in concrete mixes
10 for projects funded with State moneys, State-directed moneys or
11 State guarantees. These rules and regulations must incorporate
12 as a minimum a requirement that 25%, by weight, of the American
13 Society of Testing and Material, ASTM-C-618 compliant fly ash be
14 utilized in the cement used for all such projects. These rules
15 and regulations must also incorporate as a requirement that the
16 bidders for the concrete mix supply must certify that they will
17 use cement containing the maximum content of such fly ash
18 available in the market provided that the cement is on the
19 Department of Transportation's list of approved materials and
20 provided the price is cost competitive. The certification must
21 include a description of the cement proposed to be used. The
22 department shall provide a price incentive of 2% for each 5%
23 interval of fly ash material contained in the cement products
24 over and above the minimum requirement of 25% as follows: 2% if
25 the recycled content is 30%, 4% if the recycled content is 35%
26 and so forth, provided that the maximum incentive cannot exceed
27 15%. The department must, if necessary to comply with this
28 general rule, direct a concrete mix supplier to switch to a
29 cement type that meets the requirements set out in this
30 subsection to ensure that cement with the highest possible fly

1 ash content is used.

2 Section 5. Applicability.

3 This act applies to tax years beginning on or after 2002.

4 Section 6. Effective date.

5 This act shall take effect in 60 days.