

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1315 Session of
2007

INTRODUCED BY DePASQUALE, SCAVELLO, SIPTROTH, BASTIAN, BELFANTI,
CURRY, DALEY, DONATUCCI, FRANKEL, FREEMAN, GEIST, GEORGE,
GERBER, HARHAI, HERSHEY, JOSEPHS, KORTZ, LEACH, MANN,
MARKOSEK, McCALL, McGEEHAN, MOUL, MUNDY, M. O'BRIEN, PETRONE,
PRESTON, RAYMOND, READSHAW, SANTONI, SURRA, WALKO,
YOUNGBLOOD, YUDICHAK, CALTAGIRONE, HARPER AND GIBBONS,
MAY 18, 2007

REFERRED TO COMMITTEE ON FINANCE, MAY 18, 2007

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 an alternative energy tax credit.

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

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

ARTICLE XVIII-C

ALTERNATIVE ENERGY TAX CREDIT

18 Section 1801-C. Definitions.

19 The following words and phrases when used in this article

1 shall have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

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

4 "Pennsylvania qualified Tier 1 alternative energy expense."
5 A Tier 1 alternative energy source expense incurred in this
6 Commonwealth.

7 "Qualified tax liability." The liability for taxes imposed
8 under Article III, IV or VI. The term does not include any tax
9 withheld by an employer from an employee under Article III.

10 "Small business." A for-profit corporation, limited
11 liability company, partnership or proprietorship with net book
12 value of assets totaling, at the beginning or end of the taxable
13 year for which a Tier 1 alternative energy source expense is
14 incurred, as reported on the balance sheet, less than
15 \$5,000,000.

16 "Taxpayer." An entity subject to tax under Article III, IV
17 or VI.

18 "Tier 1 alternative energy source." Energy derived from one
19 of the following sources:

20 (1) Solar photovoltaic energy.

21 (2) Wind power.

22 (3) Low-impact hydropower.

23 (4) Geothermal energy.

24 (5) Biologically derived methane gas.

25 (6) Fuel cells.

26 (7) Biomass energy.

27 (8) Coal mine methane.

28 "Tier 1 alternative energy tax credit." The credit provided
29 for under this article.

30 Section 1802-C. Eligible applicants.

A taxpayer who utilizes a Tier 1 alternative energy source for at least 50% of the energy expenditure for the taxpayer's property may apply for a Tier 1 alternative energy tax credit as provided in this article. By September 15, a taxpayer must submit an application to the department for Pennsylvania qualified Tier 1 alternative energy expense incurred in the taxable year that ended in the prior calendar year.

Section 1803-C. Award of tax credits.

A taxpayer that is qualified under section 1802-C shall receive a Tier 1 alternative energy tax credit for the taxable year in the amount of 25% of the taxpayer's total Pennsylvania qualified Tier 1 alternative energy expense for the taxable year to be applied against the taxpayer's qualified tax liability. No taxpayer may receive more than \$2,500 in alternative energy tax credits for any given year.

Section 1804-C. Limitation on tax credits.

The total amount of credits approved by the department shall not exceed \$20,000,000 in any fiscal year. Of that amount, \$7,500,000 shall be allocated exclusively for residential property owners, and \$5,000,000 shall be allocated exclusively for small businesses. The remainder shall be available for use by other qualifying taxpayers.

Section 1805-C. Termination.

The department shall not approve an alternative energy tax credit under this article for taxable years ending after December 31, 2012.

Section 1806-C. Regulations.

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

Section 2. The addition of Article XVIII-C of the act shall

- 1 apply to tax years beginning after December 31, 2007.
- 2 Section 3. This act shall take effect immediately.