
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 301 Session of
2013

INTRODUCED BY SAYLOR, AUMENT, BAKER, CAUSER, COHEN, DENLINGER,
EVANKOVICH, CUTLER, EVERETT, GROVE, C. HARRIS, HEFFLEY, HESS,
HICKERNELL, KAUFFMAN, F. KELLER, M. K. KELLER, KORTZ, LUCAS,
MARSHALL, MICOZZIE, MILLER, MOUL, PICKETT, QUINN, RAPP, ROCK,
SIMMONS, WATSON AND GABLER, FEBRUARY 5, 2013

REFERRED TO COMMITTEE ON FINANCE, FEBRUARY 5, 2013

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

1 context clearly indicates otherwise:

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

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

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

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

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

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

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

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

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

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

30 "Natural gas fleet vehicle tax credit." Tax credits for

1 which the Department of Revenue has issued a certificate under
2 this article.

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

4 "Start date." The date on which the company may begin the
5 company's conversion plan to natural gas-fueled fleet vehicles
6 Section 1702-G.2. Eligibility.

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

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

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

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

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

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

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

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

1 natural gas vehicle tax credit is awarded.

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

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

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

9 Section 1703-G.2. Application process.

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

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

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

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

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

22 (iii) The Secretary of Environmental Protection.

23 (iv) The secretary.

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

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

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

1 department.

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

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

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

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

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

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

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

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

1 (b) Applicable taxes.--A company may apply the natural gas
2 fleet vehicle tax credit to 100% of all or a combination of any
3 of the following taxes of the company:

4 (1) State corporate net income tax.

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

8 (3) Gross premiums tax.

9 (4) Gross receipts tax.

10 (5) Bank and trust company shares tax.

11 (6) Mutual thrift institution tax.

12 (7) Title insurance company shares tax.

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

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

19 (d) Sale or assignment.--

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

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

1 The purchaser or assignee shall notify the department of the
2 seller or assignor of the natural gas fleet vehicle tax
3 credit in compliance with procedures specified by the
4 department.

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

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

11 Section 1705-G.2. Penalties.

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

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

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

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

1 No later than June 1, 2014, and each June 1 thereafter, the
2 department shall submit a report on the natural gas fleet
3 vehicle tax credits granted under this article. The report shall
4 include the names of taxpayers who utilized the credit as of the
5 date of the report and the amount of credits approved. The
6 report may include recommendations for changes in the
7 calculation or administration of the natural gas fleet vehicle
8 tax credit and other information as the department deems
9 appropriate. The report shall be submitted to all of the
10 following:

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

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

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

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

19 Section 1707-G.2. Time limitations.

20 A company shall not be entitled to a natural gas fleet
21 vehicle tax credit for taxable years ending after December 31,
22 2016.

23 Section 1708-G.2. Regulations.

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

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