
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2869 Session of
2020

INTRODUCED BY HELM, BOBACK, CALTAGIRONE, DRISCOLL, FARRY, KAIL,
KAUFER, MARSHALL, MEHAFFIE, MIHALEK, RADER, READSHAW, REESE,
SOLOMON, STEPHENS, WHITE, TOMLINSON, THOMAS, POLINCHOCK,
SCHROEDER AND STAATS, SEPTEMBER 17, 2020

REFERRED TO COMMITTEE ON FINANCE, SEPTEMBER 17, 2020

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 mechanical insulation installation
11 tax credit.

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 XVIII-I

18 MECHANICAL INSULATION INSTALLATION TAX CREDIT

19 Section 1801-I. Scope of article.

20 This article relates to the tax credits for the installation
21 of mechanical insulation using the minimum ASHRAE standard for

1 shovel-ready, cost-saving and energy-saving projects.

2 Section 1802-I. Definitions.

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

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

7 "Mechanical insulation." Insulation materials, facings and
8 accessory products used for thermal requirements for mechanical
9 pipng and equipment, hot and cold applications and heating,
10 venting and air conditioning applications.

11 "Minimum ASHRAE standard." The minimum American Society of
12 Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE)
13 standard 90.1-2007.

14 "Qualified tax liability." The liability for a tax imposed
15 under Article IV.

16 "Qualified taxpayer." A company to which the following
17 applies:

18 (1) Makes a capital investment of at least \$10,000 for
19 the installation of mechanical insulation on a commercial or
20 industrial property within this Commonwealth.

21 (2) Adheres to the minimum ASHRAE standard for
22 installations under paragraph (1).

23 "Tax credit." The mechanical insulation installation tax
24 credit established under this article.

25 Section 1803-I. Mechanical insulation installation tax credit.

26 (a) Purpose.--The mechanical insulation installation tax
27 credit is established to motivate owners, developers and
28 contractors to advance and install mechanical insulation using
29 the minimum ASHRAE standard for shovel-ready, cost-saving and
30 energy-saving projects.

1 (b) Availability.--Each fiscal year, \$5,000,000 in tax
2 credits shall be made available to the department to be awarded
3 in accordance with this article.

4 Section 1804-I. Application and approval of tax credit.

5 (a) Rate.--The tax credit shall be equal to no more than 30%
6 of the total capital investment for the installation of
7 mechanical insulation on a commercial or industrial property
8 within this Commonwealth for the applicable taxable year. Total
9 capital investment shall include, but not be limited to, the
10 following:

11 (1) Amounts paid during the taxable year for the
12 purchase of mechanical insulation that is installed on the
13 commercial or industrial property.

14 (2) Labor costs paid that are properly allocable to the
15 preparation, assembly and installation of mechanical
16 insulation on the commercial or industrial property during
17 the taxable year.

18 (b) Application.--

19 (1) A qualified taxpayer may apply to the department for
20 a tax credit under this section.

21 (2) The application must be submitted on a form
22 prescribed by the department and shall include all the
23 following:

24 (i) Information required by the department to
25 document the total cost of the capital investment for the
26 installation of mechanical insulation on a commercial or
27 industrial property as specified under subsection (a).

28 (ii) Information required by the department to
29 verify the applicant is a qualified taxpayer.

30 (iii) Any other information as the department deems

1 appropriate.

2 (c) Review and approval.--The department shall review the
3 application for the tax credit and issue an approval or
4 disapproval to the applicant. Upon approval, the department
5 shall issue a certificate stating the amount of tax credit
6 granted to the qualified taxpayer.

7 Section 1805-I. Use of tax credits.

8 (a) Claiming the credit.--Upon receipt of the approval of
9 the application and the certificate under section 1804-I(c), the
10 qualified taxpayer may claim a tax credit against the qualified
11 tax liability for the taxable year in which the capital
12 investment was made.

13 (b) Limitation.--The tax credit may be applied against up to
14 50% of the qualified taxpayer's qualified tax liability for the
15 taxable year.

16 (c) Sale or assignment.--A tax credit awarded under this
17 article may not be sold, assigned or transferred.

18 (d) Carryover, carryback, and refund.--A tax credit awarded
19 under this article may not be carried back, carried forward or
20 used to obtain a refund.

21 Section 1806-I. Report to General Assembly.

22 (a) Report.--No later than one year after the year in which
23 tax credits are first awarded under this article, and each
24 October 1 thereafter, the department shall submit a report on
25 the tax credit to all of the following:

26 (1) The chair and minority chair of the Appropriations
27 Committee of the Senate.

28 (2) The chair and minority chair of the Finance
29 Committee of the Senate.

30 (3) The chair and minority chair of the Appropriations

1 Committee of the House of Representatives.

2 (4) The chair and minority chair of the Finance
3 Committee of the House of Representatives.

4 (b) Contents.--The report under subsection (a) shall include
5 the names of the qualified taxpayers utilizing the tax credit as
6 of the date of the report and the amount of tax credits approved
7 for and utilized by each qualified taxpayer.

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