
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 862 Session of
2021

INTRODUCED BY SIMS, SANCHEZ, HOHENSTEIN, GUENST, HILL-EVANS,
SCHLOSSBERG, LEE, KINKEAD, WEBSTER AND BRIGGS, MARCH 11, 2021

REFERRED TO COMMITTEE ON FINANCE, MARCH 11, 2021

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 Energy Star-rated product
11 manufacturing 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 ENERGY STAR-RATED PRODUCT

19 MANUFACTURING TAX CREDIT

20 Section 1801-I. Definitions.

21 The following words and phrases when used in this article
22 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

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

3 "Energy Star-rated product." A product that has been
4 certified as in compliance with and qualifies as an Energy Star
5 product pursuant to the Environmental Protection Agency and the
6 Department of Energy, Energy Star Program and bears the Energy
7 Star label.

8 "Energy Star-rated product manufacturing tax credit" or "tax
9 credit." The credit provided under this article.

10 "Qualified tax liability." The liability for taxes imposed
11 under Article III, IV, V or VI. The term does not include any
12 tax withheld by an employer from an employee under Article III.

13 "Taxpayer." An entity subject to tax under Article III, IV,
14 V or VI.

15 Section 1802-I. Eligible applicants.

16 A taxpayer that manufactures Energy Star-rated products may
17 apply for the Energy Star-rated product manufacturing tax credit
18 as provided under this article. By February 1 of each year, a
19 taxpayer must submit an application to the department for the
20 amount of costs identified under section 1803-I that were paid
21 in the taxable year that ended the prior calendar year.

22 Section 1803-I. Award of tax credits.

23 A taxpayer that is qualified under section 1802-I may receive
24 an Energy Star-rated product manufacturing tax credit for the
25 taxable year in an amount equal to 20% of the total amount of
26 all capital, operation and maintenance costs paid for
27 manufacturing Energy Star-related products in the taxable year
28 to be applied against the taxpayer's qualified tax liability.

29 Section 1804-I. Carryover and carryback of credit.

30 (a) Carryover.--If the taxpayer cannot use the entire amount

1 of the Energy Star-rated product manufacturing tax credit for
2 the taxable year in which the tax credit is first approved, the
3 excess may be carried over to succeeding taxable years and used
4 as a credit against the qualified tax liability of the taxpayer
5 for those taxable years. Each time that the tax credit is
6 carried over to a succeeding taxable year, it is to be reduced
7 by the amount that was used as a credit during the immediately
8 preceding taxable year. The tax credit provided under this
9 article may be carried over and applied to succeeding taxable
10 years for no more than five taxable years following the first
11 taxable year for which the taxpayer was entitled to claim the
12 tax credit.

13 (b) Application.--An Energy Star-rated product manufacturing
14 tax credit approved by the department in a taxable year first
15 shall be applied against the taxpayer's qualified tax liability
16 for the current taxable year as of the date on which the tax
17 credit was approved before the tax credit is applied against any
18 tax liability under subsection (a).

19 (c) Carryback.--A taxpayer is not entitled to carry back or
20 obtain a refund of an unused Energy Star-rated product
21 manufacturing tax credit.

22 Section 1805-I. Availability of tax credit.

23 Each fiscal year, \$10,000,000 in tax credits shall be made
24 available to the department and may be awarded by the department
25 in accordance with this article.

26 Section 1806-I. Regulations.

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

29 Section 2. The addition of Article XVIII-I of the act shall
30 apply to tax years beginning after December 31, 2020.

1 Section 3. This act shall take effect immediately.