

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 500 Session of 2025

INTRODUCED BY INGLIS, MATZIE, MEHAFFIE, VENKAT, HOWARD, HILL- EVANS, MADDEN, SCHLOSSBERG, GIRAL, MALAGARI, NEILSON, RIVERA, BENHAM, SANCHEZ, O'MARA, CEPEDA-FREYTIZ, DAVIDSON, STEELE, K.HARRIS, DONAHUE, BOROWSKI, McNEILL, KHAN, FRIEL, PROKOPIAK, POWELL, ABNEY, D. MILLER, SALISBURY, MERSKI, PROBST, SCHWEYER, McANDREW, BIZZARRO, T. DAVIS, CERRATO, GALLAGHER, HADDOCK AND KINKEAD, APRIL 23, 2025

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, MAY 7, 2025

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," in Pennsylvania Economic Development for a
11 Growing Economy (PA EDGE) Tax Credits, repealing provisions
12 relating to local resource manufacturing, providing for
13 Reliable Energy Investment Tax Credit, repealing provisions
14 relating to Pennsylvania milk processing and providing for
15 Pennsylvania milk processing; in regional clean hydrogen
16 hubs, further providing for definitions, for eligibility, for
17 application and approval of tax credit, for use of tax
18 credits and for applicability; in semiconductor manufacturing
19 and biomedical manufacturing and research, further providing
20 for definitions and for application and approval of tax
21 credit and providing for GEOTHERMAL ENERGY AND FOR <--
22 sustainable aviation fuel; and, in application of Prevailing
23 Wage Act, further providing for definitions.

24 The General Assembly of the Commonwealth of Pennsylvania

25 hereby enacts as follows:

1 Section 1. Subarticle B of Article XVII-L of the act of
2 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
3 1971, is repealed:

4 [SUBARTICLE B

5 LOCAL RESOURCE MANUFACTURING

6 Section 1711-L. Definitions.

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

10 "Dry natural gas." Natural gas in which there are no
11 appreciable natural gas liquids recoverable by separation at the
12 wellhead.

13 "Fertilizer." A chemical product derived from petrochemicals
14 which is added to soil or land to increase fertility.

15 "Natural gas liquids." As defined in 58 Pa.C.S. § 3203
16 (relating to definitions).

17 "Petrochemical." Chemical products obtained from refining
18 and processing natural gas. The term does not include
19 liquefaction or other processing of natural gas for the purpose
20 of transport.

21 "Project facility." A facility located in this Commonwealth
22 which manufactures petrochemicals or fertilizers using dry
23 natural gas and which required a capital investment of at least
24 \$400,000,000 to construct and place into service.

25 "Qualified taxpayer." A company that satisfies all of the
26 following:

27 (1) Purchases and uses dry natural gas produced in this
28 Commonwealth in the manufacture of petrochemicals or
29 fertilizers at a project facility in this Commonwealth that
30 has been placed in service on or after the effective date of

1 this section.

2 (2) Has made a capital investment of at least
3 \$400,000,000 in order to construct the project facility and
4 place the project facility into service in this Commonwealth.

5 (3) Has created a minimum aggregate total of 800 new
6 jobs and permanent jobs.

7 (4) Has made good faith efforts to recruit and employ,
8 and to encourage any contractors or subcontractors to recruit
9 and employ, workers from the local labor market for
10 employment during the construction of the project facility.

11 (5) Has demonstrated that the new jobs created at the
12 project facility or for work covered by Subarticle F are paid
13 at least the prevailing minimum wage and benefit rates for
14 each craft or classification as determined by the Department
15 of Labor and Industry.

16 (6) The construction work to place a project facility
17 into service shall be performed subject to the act of March
18 3, 1978 (P.L.6, No.3), known as the Steel Products
19 Procurement Act.

20 Section 1712-L. Eligibility.

21 In order to be eligible to receive a tax credit, a company
22 shall demonstrate the following:

23 (1) The company meets the requirements of a qualified
24 taxpayer.

25 (2) The use of carbon capture and sequestration
26 technology, or similar technologies, at the project facility
27 to the extent it is cost effective and feasible at the
28 discretion of the qualified taxpayer.

29 (3) Confirmation that the company has filed all required
30 State tax reports and returns for all applicable taxable

1 years and paid any balance of State tax due as determined by
2 assessment or determination by the department and not under
3 timely appeal.

4 Section 1713-L. Application and approval of tax credit.

5 (a) Rate.--The tax credit shall be equal to \$0.47 per unit
6 of dry natural gas that is purchased and used in the
7 manufacturing of petrochemicals or fertilizers at the project
8 facility by a qualified taxpayer.

9 (b) Application.--

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

12 (2) The application must be submitted to the department
13 by March 1 for the tax credit claimed for dry natural gas
14 purchased and used in manufacturing of petrochemicals or
15 fertilizers by the qualified taxpayer at the project facility
16 during the prior calendar year.

17 (3) The application must be on the form required by the
18 department which shall include the following:

19 (i) information required by the department to
20 document the amount of dry natural gas purchased and used
21 in the manufacture of petrochemicals or fertilizers at
22 the project facility;

23 (ii) information required by the department to
24 verify that the applicant is a qualified taxpayer; and

25 (iii) any other information as the department deems
26 appropriate.

27 (c) Review and approval.--

28 (1) The department shall review the applications and
29 shall issue an approval or disapproval by May 1.

30 (2) Upon approval, the department shall issue a

1 certificate stating the amount of tax credit granted for dry
2 natural gas purchased and used in the manufacture of
3 petrochemicals or fertilizers at the project facility in the
4 prior calendar year.

5 (d) Availability of tax credits.--

6 (1) Each fiscal year, \$56,666,668 in tax credits shall
7 be made available to the department in accordance with this
8 subarticle.

9 (2) No more than two qualified taxpayers shall receive a
10 tax credit annually, for a maximum credit of \$6,666,667 each.

11 (3) The department shall issue unallocated tax credits
12 to no more than one qualified taxpayer, notwithstanding the
13 maximum credit limit under paragraph (2), if the qualified
14 taxpayer:

15 (i) has made a total capital investment of at least
16 \$1,000,000,000 in order to construct the project facility
17 and place the project facility into service in this
18 Commonwealth;

19 (ii) has created a minimum aggregate total of 1,800
20 new jobs and permanent jobs; and

21 (iii) has satisfied all other eligibility
22 requirements for a qualified taxpayer under this
23 subarticle.

24 (4) For purposes of paragraph (3), the term "unallocated
25 tax credits" means the difference between tax credits
26 authorized under paragraph (1) and approved under paragraph
27 (2).

28 Section 1714-L. Use of tax credits.

29 (a) Initial use.--Prior to sale or assignment of a tax
30 credit under section 1716-L, a qualified taxpayer must first use

1 a tax credit against the qualified tax liability incurred in the
2 taxable year for which the tax credit was approved.

3 (b) Eligibility.--The tax credit may be applied against up
4 to 20% of the qualified taxpayer's qualified tax liabilities
5 incurred in the taxable year for which the tax credit was
6 approved.

7 (c) Limit.--A qualified taxpayer that has been granted a tax
8 credit under this subarticle shall be ineligible for any other
9 tax credit provided under this act.

10 Section 1715-L. Carryover, carryback and refund.

11 A tax credit cannot be carried back, carried forward or be
12 used to obtain a refund.

13 Section 1716-L. Sale or assignment.

14 (a) Authorization.--If the qualified taxpayer holds a tax
15 credit through the end of the calendar year in which the tax
16 credit was granted, the qualified taxpayer may sell or assign a
17 tax credit, in whole or in part, provided the sale is effective
18 by the close of the following calendar year.

19 (b) Application.--

20 (1) To sell or assign a tax credit, a qualified taxpayer
21 must file an application for the sale or assignment of the
22 tax credit with the department. The application must be on a
23 form required by the department.

24 (2) To approve an application, the department must
25 receive:

26 (i) a finding from the department that the applicant
27 has:

28 (A) filed all required State tax reports and
29 returns for all applicable taxable years; and

30 (B) paid any balance of State tax due as

1 determined by assessment or determination by the
2 department and not under timely appeal; and
3 (ii) for a sale or assignment to a company that is
4 not an upstream company or downstream company, a
5 certification from the qualified taxpayer that the
6 qualified taxpayer has offered to sell or assign the tax
7 credit:

8 (A) exclusively to a downstream company for a
9 period of 30 days following approval of the tax
10 credit under section 1713-L(c); and

11 (B) to an upstream company or downstream company
12 for a period of 30 days following expiration of the
13 period under clause (A).

14 (c) Approval.--Upon approval by the department, a qualified
15 taxpayer may sell or assign, in whole or in part, a tax credit.

16 Section 1717-L. Purchasers and assignees.

17 (a) Time.--The purchaser or assignee under section 1716-L
18 must claim the tax credit in the calendar year in which the
19 purchase or assignment is made.

20 (b) Amount.--The amount of the tax credit that a purchaser
21 or assignee under section 1716-L may use against any one
22 qualified tax liability may not exceed 50% of any of the
23 qualified tax liabilities of the purchaser or assignee for the
24 taxable year.

25 (c) Resale and assignment.--

26 (1) A purchaser under section 1716-L may not sell or
27 assign the purchased tax credit.

28 (2) An assignee under section 1716-L may not sell or
29 assign the assigned tax credit.

30 (d) Notice.--The purchaser or assignee under section 1716-L

1 shall notify the department of the seller or assignor of the tax
2 credit in compliance with procedures specified by the
3 department.

4 Section 1718-L. Pass-through entity.

5 (a) Election.--If a pass-through entity has an unused tax
6 credit, the pass-through entity may elect, in writing, according
7 to procedures established by the department, to transfer all or
8 a portion of the tax credit to shareholders, members or partners
9 in proportion to the share of the entity's distributive income
10 to which the shareholders, members or partners are entitled.

11 (b) Limitation.--The same unused tax credit under subsection
12 (a) may not be claimed by:

13 (1) the pass-through entity; and

14 (2) a shareholder, member or partner of the pass-through
15 entity.

16 (c) Amount.--The amount of the tax credit that a transferee
17 under subsection (a) may use against any one qualified tax
18 liability may not exceed 20% of any qualified tax liabilities
19 for the taxable year.

20 (d) Time.--A transferee under subsection (a) must claim the
21 tax credit in the calendar year in which the transfer is made.

22 (e) Sale and assignment.--A transferee under subsection (a)
23 may not sell or assign the tax credit.

24 Section 1719-L. (Reserved).

25 Section 1720-L. Administration.

26 (a) Audits and assessments.--

27 (1) The department may audit a taxpayer awarded a tax
28 credit to ascertain the validity of the amount awarded.

29 (2) The department may issue an assessment against a
30 taxpayer for an improperly issued tax credit. The procedures,

1 collection, enforcement and appeals of an assessment made
2 under this section shall be governed by Article II.

3 (b) Guidelines and regulations.--The department shall
4 develop written guidelines for the implementation of this
5 subarticle. The guidelines shall be in effect until the
6 department promulgates regulations for the implementation of the
7 provisions of this subarticle.

8 Section 1721-L. Reports to General Assembly.

9 (a) Annual report.--No later than the year after which tax
10 credits are first awarded under this subarticle, and each
11 October 1 thereafter, the department shall submit a report on
12 the tax credit provided under this subarticle to the chairperson
13 and minority chairperson of the Appropriations Committee of the
14 Senate, the chairperson and minority chairperson of the
15 Appropriations Committee of the House of Representatives, the
16 chairperson and minority chairperson of the Finance Committee of
17 the Senate and the chairperson and minority chairperson of the
18 Finance Committee of the House of Representatives. The report
19 must include the names of the qualified taxpayers utilizing the
20 tax credit as of the date of the report and the amount of tax
21 credits approved for, utilized by or sold or assigned by a
22 qualified taxpayer.

23 (b) Reconciliation report.--On May 1 of the year which is 10
24 years after the year in which tax credits are first awarded
25 under this subarticle, the department shall submit to the
26 Secretary of the Senate and the Chief Clerk of the House of
27 Representatives a reconciliation report on the effectiveness of
28 this subarticle. The report shall include, to the extent
29 possible, the following information for the preceding 10 years:

30 (1) The name and business address of all qualified

1 taxpayers who have been granted tax credits under this
2 subarticle.

3 (2) The amount of tax credits granted to each qualified
4 taxpayer.

5 (3) The total number of jobs created by the qualified
6 taxpayer, upstream company and downstream company and any
7 companies that provide goods, utilities or other services
8 that support the business operations of the qualified
9 taxpayer, upstream company and downstream company. This
10 paragraph includes the average annual salary and hourly wage
11 information.

12 (4) The amount of taxes paid under Article II by the
13 qualified taxpayer, upstream company and downstream company
14 and any companies that provide goods, utilities or other
15 services that support the business operations of the
16 qualified taxpayer, upstream company and downstream company.

17 (5) The amount of taxes withheld from employees or paid
18 by members, partners or shareholders of the pass-through
19 entities under Article III of the qualified taxpayer,
20 upstream company and downstream company and any companies
21 that provide goods, utilities or other services that support
22 the business operations of the qualified taxpayer, upstream
23 company and downstream company.

24 (6) The amount of taxes paid under Article IV by the
25 qualified taxpayer, upstream company and downstream company
26 and any companies that provide goods, utilities or other
27 services that support the business operations of the
28 qualified taxpayer, upstream company and downstream company.

29 (7) The amount of taxes paid under Article XI by the
30 qualified taxpayer, upstream company and downstream company

1 and any companies that provide goods, utilities or other
2 services that support the business operations of the
3 qualified taxpayer, upstream company and downstream company.

4 (8) The amount of any other State or local taxes paid by
5 the qualified taxpayer, upstream company and downstream
6 company and any companies that provide goods, utilities or
7 other services that support the business operations of the
8 qualified taxpayer, upstream company and downstream company.

9 (9) Any other information pertaining to the economic
10 impact of this subarticle on this Commonwealth.

11 (c) Reduction.--If the reconciliation report issued under
12 subsection (b) reveals that the total amount of the tax credits
13 granted under this subarticle exceeds the total amount of tax
14 revenue reported under subsection (b) (4), (5), (6), (7), (8) and
15 (9), the report must include any recommendation for changes in
16 the calculation of the credit.

17 (d) Publication.--The reports required by this section shall
18 be a public record as defined under section 102 of the act of
19 February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law,
20 and shall be available electronically on the publicly accessible
21 Internet website of the department. The reports required under
22 this section may not contain "confidential proprietary
23 information" as defined in section 102 of the Right-to-Know Law.

24 Section 1722-L. Applicability.

25 This subarticle shall apply to the purchase of dry natural
26 gas produced in this Commonwealth for the period beginning
27 January 1, 2024, and ending December 31, 2049.

28 Section 1723-L. Expiration.

29 This subarticle shall expire December 31, 2050.]

30 Section 2. Article XVII-L of the act is amended by adding a

1 subarticle to read:

2 SUBARTICLE B.1

3 RELIABLE ENERGY INVESTMENT TAX CREDIT

4 Section 1711.1-L. Definitions.

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

8 "Affiliate." An entity or disregarded entity for Federal
9 income tax purposes as defined in 26 CFR 1.1502-77(b)(2) and (3)
10 (iii) (relating to agent for the group), that is included in the
11 filing of a Federal consolidated income tax return of an
12 affiliated group as the term is defined in 26 U.S.C. § 1504(a)
13 (1) (relating to definitions).

14 "Capital investment." The amount of money spent and recorded
15 in capital accounts by a taxpayer in the development, restart,
16 expansion or modification of a reliable energy project facility,
17 including direct and indirect costs, up to the commercial
18 operation date of the reliable clean energy project facility, as
19 reflected in the taxpayer's books of account consistent with
20 generally accepted accounting principles. The term shall not
21 include money spent after a reliable clean energy project
22 facility achieves commercial operation.

23 "Clean energy." Electric energy generation that emits carbon
24 dioxide equivalent emissions of less than 100 pounds per
25 megawatt-hour.

26 "Clean energy emissions threshold." One hundred pounds of
27 carbon dioxide equivalent per megawatt-hour of electricity
28 generated.

29 "Commercial operation." The condition of a reliable energy
30 generation facility or reliable energy storage facility when the

1 facility has satisfied applicable testing and is generating or
2 discharging electric power to earn revenue on a reasonably
3 continuous basis.

4 "Commercial operation date." The date on which commercial
5 operation of a reliable energy generation facility or reliable
6 energy storage facility commences.

7 "Commission." The Pennsylvania Public Utility Commission or
8 a successor agency.

9 "Company." A corporation, partnership, limited liability
10 company, limited liability partnership, business trust,
11 unincorporated joint venture or other business entity doing
12 business within this Commonwealth.

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

14 "Electric distribution company." As defined in 66 Pa.C.S. §
15 2803 (relating to definitions).

16 "Full-time equivalent job." A unit of measurement that
17 represents the number of full-time hours a company's employees
18 work determined as the quotient obtained by dividing the total
19 number of hours for which employees were compensated for
20 employment over the preceding 12-month period by 2,080.

21 "Maximum facility output." The maximum net electrical power
22 output in megawatts, after supply of any parasitic or host
23 facility loads, that a reliable energy project facility or
24 reliable energy storage facility is expected to produce or
25 store. For an expansion or modification of an existing facility,
26 only the incremental clean energy output that results from the
27 expansion or modification shall be considered. The term does not
28 include nominal electrical power output. To calculate maximum
29 facility output, a new electric generating facility directly
30 connected to a new reliable energy storage facility may elect to

1 subtract the maximum facility output of the reliable energy
2 storage facility from the maximum net electrical power output,
3 after supply of any parasitic or host facility loads, that the
4 facility is expected to produce or store.

5 "Pass-through entity." Any of the following:

6 (1) A partnership as defined in section 301(n.0).

7 (2) A Pennsylvania S corporation as defined in section
8 301(n.1).

9 (3) An unincorporated entity subject to section 307.21.

10 "Permanent job." A full-time equivalent job to support the
11 ongoing commercial operation of a reliable energy project
12 facility.

13 "Project index price." The average of the day-ahead
14 locational marginal prices at the PJM pricing node nearest to
15 the reliable energy project facility for each hour of the three
16 years prior to the commercial operation date.

17 "Qualified reliable energy tax credit." A tax credit granted
18 under this subarticle.

19 "Qualified reliable energy tax credit rate." One hundred
20 percent, unless the project index price is greater than \$65 per
21 megawatt-hour, in which case the qualified reliable energy tax
22 credit rate shall be reduced by 1.5% for each \$1 per megawatt-
23 hour that the project index price is greater than \$65 per
24 megawatt-hour, to a minimum of ten percent.

25 "Qualified reliable energy taxpayer." The following apply:

26 (1) A company that:

27 (i) has made a capital investment to construct a
28 reliable energy project facility;

29 (ii) owns and operates a reliable energy project
30 facility; and

1 (iii) otherwise satisfies the requirements of this
2 subarticle.

3 (2) The term includes all affiliates of the company.

4 "Qualified tax liability." The liability of the qualified
5 reliable energy taxpayer and affiliates for taxes imposed under
6 Articles III, IV, VII, VIII, IX, XI and XV. The term does not
7 include tax withheld under section 316.1.

8 "Reliable energy generation facility." A new electric
9 generating facility or an expansion or modification of an
10 electric generating facility located in this Commonwealth that
11 MEETS THE FOLLOWING: <--

12 (1) Is owned by a qualified reliable energy taxpayer.

13 (2) Required a capital investment of at least
14 \$50,000,000 to place into commercial operation.

15 (3) Required at least 10,000 work hours to place into
16 commercial operation or is a surplus interconnection
17 facility.

18 (4) For a new electric generating facility, has a
19 maximum facility output of at least ~~100~~ 25 megawatts, or for <--
20 an expansion or modification of an electric generating
21 facility, an additional maximum facility output of at least
22 ~~100~~ 25 megawatts. <--

23 (5) Is projected to generate an amount of clean energy
24 in each full average operating year that is greater than the
25 product of 60% of its maximum facility output, multiplied by
26 8,760 hours. If the facility is a surplus interconnection
27 facility, the facility is projected to generate an amount of
28 clean energy in each full average operating year that is
29 greater than 60% of the surplus portion of the existing
30 generating facility's interconnection service established in

1 a large generator interconnection agreement.

2 (6) Delivers the electricity it generates to a
3 distribution system of an electric distribution company or a
4 transmission system operated by a regional transmission
5 organization.

6 ~~(7) If the electric generating facility is being~~ <--
7 ~~restarted, the first substantial step of the restart~~
8 ~~commenced after the effective date of this section.~~

9 (7) IS BEING RESTARTED, ONLY IF THE FIRST SUBSTANTIAL <--
10 STEP OF THE RESTART COMMENCES AFTER THE EFFECTIVE DATE OF
11 THIS SECTION.

12 "Reliable energy storage facility." A facility located in
13 this Commonwealth employing technology, including any
14 electrochemical, thermal or electromechanical technology, or any
15 technology defined as "energy storage technology" in 26 U.S.C. §
16 48E (relating to clean electricity investment credit) or 26 CFR
17 1.48E-2(g) (6) (relating to qualified investments in qualified
18 facilities and EST for purposes of section 48E) as of the
19 effective date of this section, that is capable of absorbing and
20 storing energy for use at a later time that:

21 (1) Is owned by a qualified reliable energy taxpayer.

22 (2) Required a capital investment of at least
23 \$50,000,000 to place into commercial operation.

24 (3) Required at least 10,000 work hours to place into
25 commercial operation.

26 (4) Has a maximum facility output of at least 10
27 megawatts.

28 (5) For a reliable energy storage project facility that
29 applied for interconnection with PJM Interconnection, LLC
30 after the effective date of this subsection, the system has a

1 technical capacity to deliver its maximum facility output in
2 a minimum duration of no less than four hours, for a reliable
3 energy storage project that applied for interconnection with
4 PJM Interconnection, LLC prior to the effective date of this
5 subsection but has not yet received an interconnection
6 agreement as of that date, the system is projected to possess
7 a rated technical capacity to deliver its maximum facility
8 output in a minimum duration of no less than one hour.

9 (6) Delivers the electricity it discharges to a
10 distribution system of an electric distribution company or a
11 transmission system operated by a regional transmission
12 organization.

13 "Restart." The process of reactivating a reliable energy
14 generation facility that has not generated significant amounts
15 of electricity for a period of at least 365 days.

16 "SUBSTANTIAL STEP." THE TERM INCLUDES SUBMITTING A LETTER <--
17 NOTIFYING THE NUCLEAR REGULATORY COMMISSION OF THE INTENT TO
18 RESTORE OPERATIONS OR SUBMITTING A DETAILED REGULATORY PATH TO
19 REAUTHORIZE POWER OPERATIONS.

20 "Surplus interconnection facility." A new electric
21 generating facility that generates clean energy, shares
22 interconnection infrastructure and a single point of
23 interconnection with an existing electric generating facility,
24 and exclusively uses the surplus portion of the existing
25 generating facility's interconnection service established in a
26 large generator interconnection agreement. The surplus portion
27 shall be determined such that, if the surplus interconnection
28 service were utilized, the total amount of interconnection
29 service at the point of interconnection would remain the same.

30 "Work hour." One hour of compensation during the

1 construction or the restart of a reliable energy generation
2 facility or reliable energy storage facility.

3 Section 1712.1-L. Amount, claiming and audit of qualified
4 reliable energy tax credit.

5 (a) Amount of qualified reliable energy tax credits.--

6 (1) Qualified reliable energy tax credits shall be made
7 available in accordance with this subarticle.

8 (2) A qualified reliable energy taxpayer shall receive
9 qualified reliable energy tax credits equal to the product of
10 the qualified reliable energy tax credit rate multiplied by
11 \$300,000 per new or additional megawatt of maximum facility
12 output, up to a maximum of \$100,000,000.

13 (3) Applications for qualified reliable energy tax
14 credits shall continue to be made available by the department
15 unabated annually from the period beginning January 1, 2026,
16 and ending December 31, 2036. A reliable energy generation
17 facility or reliable energy storage facility that has
18 commenced construction prior to December 31, 2036, shall be
19 eligible for qualified reliable energy tax credits.

20 (b) Application.--

21 (1) An applicant for a qualified reliable energy tax
22 credit shall complete a form as prescribed by the department
23 that shall include:

24 (i) A description of the reliable energy facility or
25 reliable energy storage facility.

26 (ii) Verification that the taxpayer has made or will
27 make a capital investment greater than \$50,000,000 prior
28 to the placing in service of the reliable energy
29 generation facility or reliable energy storage facility.

30 (iii) An estimate of the total capital investment

1 that will be made.

2 (iv) The expected commercial operation date of the
3 reliable energy project facility or reliable energy
4 storage facility.

5 (1.1) If the applicant deems the form under paragraph
6 (1) to contain confidential proprietary information, the form
7 may be submitted on a confidential basis, shall be treated
8 and maintained by the department as confidential proprietary
9 information and is exempt from access under the act of
10 February 14, 2008 (P.L.6, No.3), known as the Right-to-Know
11 Law.

12 (2) The department shall review applications submitted
13 and issue a written approval or disapproval, stating the
14 reasons for the department's decision, within 60 days of the
15 application's submission. The department's decision on the
16 application may be appealed in the same manner as an
17 assessment issued under section 407.1.

18 (3) Upon approval of an application, the department
19 shall issue a certificate confirming that the applicant is
20 eligible for a qualified reliable energy tax credit,
21 conditioned on completion of a reliable energy generation
22 facility or reliable energy storage facility that becomes
23 commercially operational and satisfies the requirements of
24 this subarticle. The qualified reliable energy taxpayer shall
25 retain tax credit eligibility, as determined under this
26 section, until the qualified reliable energy taxpayer has
27 received the qualified reliable energy tax credit.

28 (c) Claiming qualified reliable energy tax credits.--

29 (1) A qualified reliable energy taxpayer shall complete
30 a form as prescribed by the department verifying that the

1 taxpayer has met the requirements of a qualified reliable
2 energy taxpayer and may claim qualified reliable energy tax
3 credits. The qualified reliable energy taxpayer shall include
4 on the form a calculation of the applicable project index
5 price and verification that electricity produced was below
6 the clean energy emissions threshold. Acceptable forms of
7 verification with respect to the clean energy emissions
8 threshold shall include, but not be limited to, documented
9 inclusion of the type or category of facility in Table 1 of
10 Revenue Procedure 2025-14, published by the Internal Revenue
11 Service in 2025-7 Internal Revenue Bulletin 770-771 or any
12 successor table published in the Internal Revenue Bulletin.

13 (2) The qualified reliable energy taxpayer shall attach
14 the form to the tax return on which the qualified reliable
15 energy taxpayer is claiming to offset a qualified tax
16 liability with qualified reliable energy tax credits.

17 (d) Audit of qualified reliable energy tax credits
18 claimed.--

19 (1) The department shall have the right to audit all
20 qualified reliable energy credits claimed.

21 (2) If the department denies a qualified reliable energy
22 tax credit, the department shall issue an assessment in the
23 same manner as issued under section 407.1. The assessment may
24 be appealed in the same manner as an assessment issued under
25 section 407.1.

26 Section 1713.1-L. Year of use and carryover.

27 (a) Year of use.--A qualified reliable energy taxpayer shall
28 claim qualified reliable energy tax credits on the tax return
29 filed in the year immediately following the year in which the
30 reliable energy generation facility or reliable energy storage

1 facility is placed into commercial operation.

2 (b) Use.--A qualified reliable energy taxpayer may utilize
3 up to one-third of the qualified reliable energy tax credits in
4 the taxable year in which the credits are received and up to the
5 same amount in each subsequent taxable year.

6 (c) Carryover.--A qualified reliable energy tax credit not
7 fully utilized in the taxable year in which the tax credit was
8 received may be carried forward for not more than 10 consecutive
9 taxable years but shall not be carried back or be used to obtain
10 a tax refund.

11 Section 1714.1-L. Sale or assignment.

12 (a) Authorization required.--

13 (1) To sell or assign a tax credit, a qualified taxpayer
14 must file an application for the sale or assignment of the
15 tax credit with the department. The application must be on a
16 form required by the department.

17 (2) The department shall approve an application for the
18 sale or assignment of a qualified reliable energy tax credit
19 if the applicant has filed each State tax report and return
20 required by law for each applicable taxable year.

21 (b) Approval.--Upon approval by the department of an
22 application under subsection (a), a qualified reliable energy
23 taxpayer that holds a qualified reliable energy tax credit
24 through the end of the calendar year in which the tax credit was
25 received may sell or assign the tax credit, in whole or in part,
26 if the sale is effective by the close of the following calendar
27 year.

28 Section 1715.1-L. Purchasers, transferees and assignees.

29 (a) Time.--A purchaser, transferee or assignee under this
30 subarticle shall claim the qualified reliable energy tax credit

1 no later than 12 months following the end of the calendar year
2 in which the purchase, transfer or assignment is made.

3 (b) Amount.--The amount of the qualified reliable energy tax
4 credit that a purchaser, transferee or assignee under this
5 section may use against any one qualified tax liability may not
6 exceed 100% of the qualified tax liability of the purchaser,
7 transferee or assignee for the taxable year.

8 (c) Resale and assignment.--

9 (1) A purchaser under this section may not sell,
10 transfer or assign the purchased qualified reliable energy
11 tax credit.

12 (2) An assignee or transferee under this section may not
13 sell, transfer or assign the assigned or transferred
14 qualified reliable energy tax credit.

15 (d) Notice.--The purchaser, transferee or assignee under
16 this section shall notify the department of the seller,
17 transferor or assignor of the qualified reliable energy tax
18 credit in compliance with procedures specified by the
19 department.

20 Section 1716.1-L. Pass-through entity.

21 (a) Election.--If a pass-through entity has an unused
22 qualified reliable energy tax credit, the pass-through entity
23 may elect, in writing, according to procedures established by
24 the department, to transfer all or a portion of the tax credit
25 to shareholders, members or partners in proportion to the share
26 of the entity's distributive income to which the shareholders,
27 members or partners are entitled.

28 (b) Limitation.--The same unused qualified reliable energy
29 tax credit under subsection (a) may not be claimed by both:

30 (1) the pass-through entity; and

1 (2) a shareholder, member or partner of the pass-through
2 entity.

3 (c) Amount.--The amount of the qualified reliable energy tax
4 credit that a transferee under subsection (a) may use against
5 any one qualified tax liability may not exceed 100% of the
6 qualified tax liabilities for the taxable year.

7 (d) Time.--A transferee under subsection (a) must claim the
8 qualified reliable energy tax credit not later than 12 months
9 following the calendar year in which the transfer is made.

10 (e) Sale and assignment.--A transferee under subsection (a)
11 may sell or assign the qualified reliable energy tax credit.

12 Section 1717.1-L. Guidelines and regulations.

13 The department and the Department of Community and Economic
14 Development shall jointly develop written guidelines for the
15 implementation of this subarticle. The guidelines shall be in
16 effect until the department promulgates regulations for the
17 implementation of this subarticle.

18 Section 1718.1-L. Reports to General Assembly.

19 (a) Annual report.--No later than the calendar year after
20 which qualified reliable energy tax credits are first awarded
21 under this subarticle, and each October 1 thereafter up to
22 October 1, 2035, the department shall submit a report on the
23 qualified reliable energy tax credits provided for under this
24 subarticle to the chairperson and minority chairperson of the
25 Appropriations Committee of the Senate, the chairperson and
26 minority chairperson of the Finance Committee of the Senate, the
27 chairperson and minority chairperson of the Appropriations
28 Committee of the House of Representatives and the chairperson
29 and minority chairperson of the Finance Committee of the House
30 of Representatives. The report shall include the names of the

1 qualified reliable energy taxpayers utilizing qualified reliable
2 energy tax credits as of the date of the report and the amount
3 of tax credits approved for, utilized by or sold, transferred or
4 assigned by all qualified reliable energy taxpayers.

5 (b) Five-year report.--On May 1, 2030, and May 1, 2035, the
6 department and the commission shall jointly submit to the
7 Secretary of the Senate and the Chief Clerk of the House of
8 Representatives a report on the effectiveness of this
9 subarticle. The report shall include, to the extent possible,
10 the following information for the preceding five calendar years:

11 (1) The aggregate amount of qualified reliable energy
12 tax credits granted to all qualified reliable energy
13 taxpayers up to the date of the report.

14 (2) The total number of work hours and permanent jobs
15 created by the qualified reliable energy taxpayers up to the
16 date of the report.

17 (3) The total number of megawatt-hours produced by each
18 reliable energy project facility up to the date of the
19 report.

20 (4) The total amount of capital investment made by each
21 qualified reliable energy taxpayer up to the date of the
22 report.

23 (5) Recommendations for changes to this subarticle to
24 promote increased use of qualified reliable energy tax
25 credits.

26 (6) Any other information pertaining to the economic
27 impact of this subarticle on this Commonwealth.

28 (c) Publication.--The reports required by this section shall
29 be a public record as defined under section 102 of the act of
30 February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law,

1 and shall be posted electronically on the department's publicly
2 accessible Internet website. The reports required under this
3 section may not contain confidential proprietary information as
4 defined in section 102 of the Right-to-Know Law.

5 Section 3. Subarticle C of Article XVII-L of the act is
6 repealed:

7 [SUBARTICLE C

8 PENNSYLVANIA MILK PROCESSING

9 Section 1731-L. Definitions.

10 The following words and phrases when used in this subarticle
11 shall have the meanings given to them in this section unless the
12 context clearly indicates otherwise:

13 "Gallon." A United States liquid gallon equal to a volume of
14 231 cubic inches and equal to 3.785411784 liters or 0.13368
15 cubic feet, where volumetric measurements made at ambient
16 flowing conditions are typically adjusted for composition and to
17 standard conditions using established industry standard
18 practices.

19 "Milk." The lacteal secretion, practically free from
20 colostrum, obtained by the complete milking of one or more
21 healthy cows.

22 "Project facility." A facility located in this Commonwealth
23 which is owned and operated by a qualified taxpayer and which
24 utilizes milk purchased from sources within this Commonwealth
25 and processed by a qualified taxpayer at the project facility.

26 "Qualified taxpayer." A company that satisfies all of the
27 following:

28 (1) Purchases and processes milk produced in this
29 Commonwealth at a project facility in this Commonwealth that
30 has been placed in service on or after the effective date of

1 this section.

2 (2) Has made a capital investment of at least
3 \$500,000,000 in order to construct the project facility and
4 place the project facility into service in this Commonwealth.

5 (3) Has created a minimum aggregate total of 1,200 new
6 jobs and permanent jobs.

7 (4) Has made good faith efforts to recruit and employ,
8 and to encourage any contractors or subcontractors to recruit
9 and employ, workers from the local labor market for
10 employment during the construction of the project facility.

11 (5) Has demonstrated that the new jobs created at the
12 project facility or for work covered by Subarticle F are paid
13 at least the prevailing minimum wage and benefit rates for
14 each craft or classification as determined by the Department
15 of Labor and Industry.

16 (6) The construction work to place a project facility
17 into service shall be performed subject to the act of March
18 3, 1978 (P.L.6, No.3), known as the Steel Products
19 Procurement Act.

20 Section 1732-L. Eligibility.

21 In order to be eligible to receive a tax credit, a company
22 shall demonstrate the following:

23 (1) The company meets the requirements of a qualified
24 taxpayer.

25 (2) Confirmation that the company has filed all required
26 State tax reports and returns for all applicable taxable
27 years and paid any balance of State tax due as determined by
28 assessment or determination by the department and not under
29 timely appeal.

30 Section 1733-L. Application and approval of tax credit.

1 (a) Rate.--The tax credit shall be equal to \$0.05 per gallon
2 of milk purchased and produced from sources exclusively within
3 this Commonwealth and processed at the project facility by a
4 qualified taxpayer.

5 (b) Application.--

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

8 (2) The application must be submitted to the department
9 by March 1 for the tax credit claimed for milk purchased and
10 processed by the qualified taxpayer at the project facility
11 during the prior calendar year.

12 (3) The application must be on the form required by the
13 department which shall include the following:

14 (i) information required by the department to
15 document the amount of milk purchased and processed at
16 the project facility;

17 (ii) information required by the department to
18 verify that the applicant is a qualified taxpayer; and

19 (iii) any other information as the department deems
20 appropriate.

21 (c) Review and approval.--

22 (1) The department shall review the applications and
23 shall issue an approval or disapproval by May 1.

24 (2) Upon approval, the department shall issue a
25 certificate stating the amount of tax credit granted for milk
26 purchased and processed at the project facility in the prior
27 calendar year.

28 (d) Availability of tax credits.--

29 (1) Each fiscal year, \$15,000,000 in tax credits shall
30 be made available to the department in accordance with this

1 subarticle.

2 (2) The department shall issue up to \$15,000,000 in tax
3 credits in a fiscal year to the qualified taxpayer which
4 first meets the qualifications to receive a tax credit under
5 this subarticle.

6 (3) An amount under paragraph (1) which remains
7 unallocated under paragraph (2) shall be issued to the
8 qualified taxpayer which next meets the qualifications to
9 receive a tax credit under this subarticle.

10 (4) The total aggregate amount of tax credits awarded to
11 a qualified taxpayer under this subarticle may not exceed 25%
12 of the capital investment made to construct a project
13 facility and place the project facility into service in this
14 Commonwealth.

15 Section 1734-L. Use of tax credits.

16 (a) Initial use.--Prior to sale or assignment of a tax
17 credit under section 1736-L, a qualified taxpayer must first use
18 a tax credit against the qualified tax liability incurred in the
19 taxable year for which the tax credit was approved.

20 (b) Eligibility.--The tax credit may be applied against up
21 to 20% of a qualified taxpayer's qualified tax liabilities
22 incurred in the taxable year for which the tax credit was
23 approved.

24 (c) Limit.--A qualified taxpayer that has been granted a tax
25 credit under this subarticle shall be ineligible for any other
26 tax credit provided under this act or a tax benefit as defined
27 in section 1701-A.1.

28 Section 1735-L. Carryover, carryback and refund.

29 A tax credit cannot be carried back, carried forward or be
30 used to obtain a refund.

1 Section 1736-L. Sale or assignment.

2 (a) Authorization.--If the qualified taxpayer holds a tax
3 credit through the end of the calendar year in which the tax
4 credit was granted, the qualified taxpayer may sell or assign a
5 tax credit, in whole or in part, provided the sale is effective
6 by the close of the following calendar year.

7 (b) Application.--

8 (1) To sell or assign a tax credit, a qualified taxpayer
9 must file an application for the sale or assignment of the
10 tax credit with the department. The application must be on a
11 form required by the department.

12 (2) To approve an application, the department must
13 receive:

14 (i) a finding from the department that the applicant
15 has:

16 (A) filed all required State tax reports and
17 returns for all applicable taxable years; and

18 (B) paid any balance of State tax due as
19 determined by assessment or determination by the
20 department and not under timely appeal; and

21 (ii) for a sale or assignment to a company that is
22 not an upstream company or downstream company, a
23 certification from the qualified taxpayer that the
24 qualified taxpayer has offered to sell or assign the tax
25 credit:

26 (A) exclusively to a downstream company for a
27 period of 30 days following approval of the tax
28 credit under section 1733-L(c); and

29 (B) to an upstream company or downstream company
30 for a period of 30 days following expiration of the

1 period under clause (A).

2 (c) Approval.--Upon approval by the department, a qualified
3 taxpayer may sell or assign, in whole or in part, a tax credit.

4 Section 1737-L. Purchasers and assignees.

5 (a) Time.--The purchaser or assignee under section 1736-L
6 must claim the tax credit in the calendar year in which the
7 purchase or assignment is made.

8 (b) Amount.--The amount of the tax credit that a purchaser
9 or assignee under section 1736-L may use against any one
10 qualified tax liability may not exceed 50% of any of the
11 qualified tax liabilities of the purchaser or assignee for the
12 taxable year.

13 (c) Resale and assignment.--

14 (1) A purchaser under section 1736-L may not sell or
15 assign the purchased tax credit.

16 (2) An assignee under section 1736-L may not sell or
17 assign the assigned tax credit.

18 (d) Notice.--The purchaser or assignee under section 1736-L
19 shall notify the department of the seller or assignor of the tax
20 credit in compliance with procedures specified by the
21 department.

22 Section 1738-L. Pass-through entity.

23 (a) Election.--If a pass-through entity has an unused tax
24 credit, the pass-through entity may elect, in writing, according
25 to procedures established by the department, to transfer all or
26 a portion of the tax credit to shareholders, members or partners
27 in proportion to the share of the entity's distributive income
28 to which the shareholders, members or partners are entitled.

29 (b) Limitation.--The same unused tax credit under subsection
30 (a) may not be claimed by:

- 1 (1) the pass-through entity; and
2 (2) a shareholder, member or partner of the pass-through
3 entity.

4 (c) Amount.--The amount of the tax credit that a transferee
5 under subsection (a) may use against any one qualified tax
6 liability may not exceed 20% of any qualified tax liabilities
7 for the taxable year.

8 (d) Time.--A transferee under subsection (a) must claim the
9 tax credit in the calendar year in which the transfer is made.

10 (e) Sale and assignment.--A transferee under subsection (a)
11 may not sell or assign the tax credit.

12 Section 1739-L. (Reserved).

13 Section 1740-L. Guidelines and regulations.

14 The department shall develop written guidelines for the
15 implementation of this subarticle. The guidelines shall be in
16 effect until the department promulgates regulations for the
17 implementation of the provisions of this subarticle.

18 Section 1741-L. Report to General Assembly.

19 (a) Report.--

20 (1) No later than the year after which tax credits are
21 first awarded under this subarticle, and each October 1
22 thereafter, the department shall submit a report to the
23 General Assembly summarizing the effectiveness of the tax
24 credit. The report shall include the names of all qualified
25 taxpayers utilizing the tax credit as of the date of the
26 report and the amount of tax credits approved for, utilized
27 by or sold or assigned by each qualified taxpayer. The report
28 shall be submitted to the following:

29 (i) The chair and minority chair of the Agriculture
30 and Rural Affairs Committee of the Senate.

1 (ii) The chair and minority chair of the Agriculture
2 and Rural Affairs Committee of the House of
3 Representatives.

4 (iii) The chair and minority chair of the Finance
5 Committee of the Senate.

6 (iv) The chair and minority chair of the Finance
7 Committee of the House of Representatives.

8 (2) In addition to the information required under
9 paragraph (1), the report shall include the following
10 information in a manner that is separated by geographic
11 location within this Commonwealth:

12 (i) The amount of tax credits claimed by qualified
13 taxpayers during the fiscal year.

14 (ii) The total number of new jobs and permanent jobs
15 created by qualified taxpayers during the fiscal year,
16 including the duration of the jobs.

17 (b) Public information.--Notwithstanding any law providing
18 for the confidentiality of tax records, the information in the
19 report under subsection (a) shall be public information, and all
20 report information shall be posted on the department's publicly
21 accessible Internet website.

22 Section 1742-L. Applicability.

23 (a) Duration.--The tax credit under this subarticle shall
24 apply to the purchase and processing of milk produced in this
25 Commonwealth for a period of eight years from the date the first
26 project facility is placed into service.

27 (b) Limitation.--The total aggregate amount of tax credits
28 awarded by the department under this subarticle may not exceed
29 \$120,000,000.]

30 Section 4. Article XVII-L of the act is amended by adding a

1 subarticle to read:

2 SUBARTICLE C.1

3 PENNSYLVANIA MILK PROCESSING

4 Section 1731-L. Definitions.

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

8 "Department." The Department of Community and Economic
9 Development of the Commonwealth.

10 "Downstream company." A company that purchases Class I,
11 Class II, Class III or Class IV milk products as defined in the
12 Federal Milk Marketing Order Program produced by a qualified
13 taxpayer.

14 "Federal Milk Marketing Order Program." The Federal Milk
15 Marketing Order Program established under 7 U.S.C. § 608c
16 (relating to orders) under the Agricultural Marketing Agreement
17 Act of 1937 (Public Law 75-137, 50 Stat. 246).

18 "Gallon." A United States liquid gallon equal to a volume of
19 231 cubic inches and equal to 3.785411784 liters or 0.13368
20 cubic feet, where volumetric measurements made at ambient
21 flowing conditions are typically adjusted for composition and to
22 standard conditions using established industry standard
23 practices.

24 "Milk." The lacteal secretion, practically free from
25 colostrum, obtained by the complete milking of one or more
26 healthy cows.

27 "Organic dairy." The product of a farm or processing
28 operation that in whole or in part has been certified as organic
29 or in transition to organic by a third party accredited by the
30 United States Department of Agriculture.

1 "Project facility." A facility located in this Commonwealth
2 which is owned and operated by a qualified taxpayer and which
3 utilizes milk purchased from sources within this Commonwealth
4 and processed by a qualified taxpayer at the project facility.

5 "Qualified taxpayer." A company that satisfies all of the
6 following:

7 (1) Purchases and processes milk produced in this
8 Commonwealth into a Class I, Class II, Class III or Class IV
9 milk product as defined by the Federal Milk Marketing Order
10 Program at a project facility in this Commonwealth that has
11 been placed in service on or after the effective date of this
12 section.

13 (2) Has made a capital investment of at least
14 \$50,000,000 in order to construct, expand or renovate the
15 project facility and place the project facility into service
16 in this Commonwealth or has created a minimum aggregate total
17 of 100 new jobs or permanent jobs.

18 (3) Has made good faith efforts to recruit and employ,
19 and to encourage contractors or subcontractors to recruit and
20 employ, workers from the local labor market for employment
21 during the construction of the project facility.

22 (4) Has demonstrated that the new jobs created at the
23 project facility or for work covered by Subarticle F are paid
24 at least the prevailing minimum wage and benefit rates for
25 each craft or classification as determined by the Department
26 of Labor and Industry.

27 (5) Performs the construction work to place a project
28 facility into service subject to the act of March 3, 1978

29 (P.L.6, No.3), known as the Steel Products Procurement Act.
30 Section 1732-L. Eligibility.

1 In order to be eligible to receive a tax credit under this
2 subarticle, a company shall demonstrate the following:

3 (1) The company meets the requirements of a qualified
4 taxpayer.

5 (2) Confirmation that the company has filed all required
6 State tax reports and returns for all applicable taxable
7 years and paid any balance of State tax due as determined by
8 assessment or determination by the Department of Revenue and
9 not under timely appeal.

10 Section 1733-L. Application and approval of tax credit.

11 (a) Rate.--The tax credit shall be up to \$0.20 per gallon of
12 milk purchased and produced from sources exclusively within this
13 Commonwealth and processed at the project facility by a
14 qualified taxpayer in excess of purchases as of January 1 of the
15 year in which an application is made.

16 (a.1) Organic dairy.--Any qualifying use of milk in which at
17 least 80% organic dairy is utilized shall be eligible for an
18 additional \$0.10 per gallon of milk in addition to the amount
19 denominated under subsection (a).

20 (b) Application.--

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

23 (2) The application must be submitted to the department
24 by March 1 for the tax credit claimed for milk purchased and
25 processed by the qualified taxpayer at the project facility
26 during the prior calendar year.

27 (3) The application must be on the form required by the
28 department which shall include the following:

29 (i) information required by the department to
30 document the amount of milk purchased and processed at

1 the project facility;

2 (ii) information required by the department to
3 verify that the applicant is a qualified taxpayer; and

4 (iii) any other information as the department deems
5 appropriate.

6 (c) Review and approval.--

7 (1) The department shall review the applications and
8 shall issue an approval or disapproval by May 1.

9 (2) Upon approval, the department shall issue a
10 certificate stating the amount of tax credit granted for milk
11 purchased and processed at the project facility in the prior
12 calendar year.

13 (d) Availability of tax credits.--

14 (1) Each fiscal year, up to \$15,000,000 in tax credits
15 shall be made available to the department in accordance with
16 this subarticle.

17 (2) The department shall issue up to \$15,000,000 in tax
18 credits in a fiscal year to the qualified taxpayers which
19 meet the qualifications to receive a tax credit under this
20 subarticle.

21 (3) The total aggregate amount of tax credits awarded to
22 a qualified taxpayer under this subarticle may not exceed 25%
23 of the capital investment made to construct a project
24 facility and place the project facility into service in this
25 Commonwealth.

26 Section 1734-L. Use of tax credits.

27 (a) Initial use.--Prior to sale or assignment of a tax
28 credit under section 1736-L, a qualified taxpayer must first use
29 a tax credit against the qualified tax liability incurred in the
30 taxable year for which the tax credit was approved.

1 (b) Eligibility.--The tax credit may be applied against up
2 to 20% of a qualified taxpayer's qualified tax liabilities
3 incurred in the taxable year for which the tax credit was
4 approved.

5 (c) Limit.--A qualified taxpayer that has been granted a tax
6 credit under this subarticle shall be ineligible for any other
7 tax credit provided under this act or a tax benefit as defined
8 in section 1701-A.1.

9 Section 1735-L. Carryover, carryback and refund.

10 A tax credit cannot be carried back, carried forward or be
11 used to obtain a refund.

12 Section 1736-L. Sale or assignment.

13 (a) Authorization.--If the qualified taxpayer holds a tax
14 credit through the end of the calendar year in which the tax
15 credit was granted, the qualified taxpayer may sell or assign a
16 tax credit, in whole or in part, provided the sale is effective
17 by the close of the following calendar year.

18 (b) Application.--

19 (1) To sell or assign a tax credit, a qualified taxpayer
20 must file an application for the sale or assignment of the
21 tax credit with the Department of Revenue. The application
22 must be on a form required by the Department of Revenue.

23 (2) To approve an application, the Department of Revenue
24 must:

25 (i) find that the applicant has:

26 (A) filed all required State tax reports and
27 returns for all applicable taxable years; and

28 (B) paid any balance of State tax due as
29 determined by assessment or determination by the
30 Department of Revenue and not under timely appeal;

1 and
2 (ii) for a sale or assignment to a company that is
3 not an upstream company or downstream company, receive a
4 certification from the qualified taxpayer that the
5 qualified taxpayer has offered to sell or assign the tax
6 credit:

7 (A) exclusively to a downstream company for a
8 period of 30 days following approval of the tax
9 credit under section 1733-L(c); and

10 (B) to an upstream company or downstream company
11 for a period of 30 days following expiration of the
12 period under clause (A).

13 (c) Approval.--Upon approval by the Department of Revenue, a
14 qualified taxpayer may sell or assign, in whole or in part, a
15 tax credit.

16 Section 1737-L. Purchasers and assignees.

17 (a) Time.--The purchaser or assignee under section 1736-L
18 must claim the tax credit in the calendar year in which the
19 purchase or assignment is made.

20 (b) Amount.--The amount of the tax credit that a purchaser
21 or assignee under section 1736-L may use against any one
22 qualified tax liability may not exceed 50% of any of the
23 qualified tax liabilities of the purchaser or assignee for the
24 taxable year.

25 (c) Resale and assignment.--

26 (1) A purchaser under section 1736-L may not sell or
27 assign the purchased tax credit.

28 (2) An assignee under section 1736-L may not sell or
29 assign the assigned tax credit.

30 (d) Notice.--The purchaser or assignee under section 1736-L

1 shall notify the Department of Revenue of the seller or assignor
2 of the tax credit in compliance with procedures specified by the
3 Department of Revenue.

4 Section 1738-L. Pass-through entity.

5 (a) Election.--If a pass-through entity has an unused tax
6 credit, the pass-through entity may elect, in writing, according
7 to procedures established by the Department of Revenue, to
8 transfer all or a portion of the tax credit to shareholders,
9 members or partners in proportion to the share of the entity's
10 distributive income to which the shareholders, members or
11 partners are entitled.

12 (b) Limitation.--The same unused tax credit under subsection
13 (a) may not be claimed by:

14 (1) the pass-through entity; and

15 (2) a shareholder, member or partner of the pass-through
16 entity.

17 (c) Amount.--The amount of the tax credit that a transferee
18 under subsection (a) may use against any one qualified tax
19 liability may not exceed 20% of any qualified tax liabilities
20 for the taxable year.

21 (d) Time.--A transferee under subsection (a) must claim the
22 tax credit in the calendar year in which the transfer is made.

23 (e) Sale and assignment.--A transferee under subsection (a)
24 may not sell or assign the tax credit.

25 Section 1739-L. (Reserved).

26 Section 1740-L. Guidelines and regulations.

27 The department, in consultation with the Department of
28 Revenue, shall develop written guidelines for the implementation
29 of this subarticle. The guidelines shall be in effect until the
30 department promulgates regulations for the implementation of the

1 provisions of this subarticle.

2 Section 1741-L. Report to General Assembly.

3 (a) Report.--

4 (1) No later than one year after which tax credits are
5 first awarded under this subarticle, and each October 1
6 thereafter, the department and the Department of Revenue
7 shall jointly submit a report to the General Assembly
8 summarizing the effectiveness of the tax credit. The report
9 shall include the names of all qualified taxpayers utilizing
10 the tax credit as of the date of the report and the amount of
11 tax credits approved for, utilized by or sold or assigned by
12 each qualified taxpayer. The report shall be submitted to the
13 following:

14 (i) The chair and minority chair of the Agriculture
15 and Rural Affairs Committee of the Senate.

16 (ii) The chair and minority chair of the Finance
17 Committee of the Senate.

18 (iii) The chair and minority chair of the
19 Agriculture and Rural Affairs Committee of the House of
20 Representatives.

21 (iv) The chair and minority chair of the Finance
22 Committee of the House of Representatives.

23 (2) In addition to the information required under
24 paragraph (1), the report shall include the following
25 information in a manner that is separated by geographic
26 location within this Commonwealth:

27 (i) The amount of tax credits claimed by qualified
28 taxpayers during the fiscal year.

29 (ii) The total number of new jobs and permanent jobs
30 created by qualified taxpayers during the fiscal year,

1 including the duration of the jobs.

2 (b) Public information.--Notwithstanding any law providing
3 for the confidentiality of tax records, the information in the
4 report under subsection (a) shall be public information, and all
5 report information shall be posted on the department's publicly
6 accessible Internet website.

7 Section 1742-L. Applicability.

8 (a) Duration.--The tax credit under this subarticle shall
9 apply to the purchase and processing of milk produced in this
10 Commonwealth for a period of eight years from the date the
11 project facility is placed into service.

12 (b) Limitation.--The total aggregate amount of tax credits
13 awarded by the department under this subarticle may not exceed
14 \$120,000,000.

15 Section 5. Sections 1751-L, 1752-L(b), 1753-L, 1754-L(c) and
16 1762-L of the act are amended to read:

17 Section 1751-L. Definitions.

18 The following words and phrases when used in this subarticle
19 shall have the meanings given to them in this section unless the
20 context clearly indicates otherwise:

21 "Clean hydrogen." [Hydrogen used in a project which has been
22 determined by the United States Department of Energy to
23 demonstrably aid achievement of the clean hydrogen production
24 standard under section 822 of the Energy Policy Act of 2005
25 (Public Law 109-58, 11 Stat. 594) by mitigating emissions across
26 the supply chain through aggressive carbon capture, by measures
27 to mitigate fugitive methane emissions or by the use of clean
28 electricity or other technologies or practices approved by the
29 United States Department of Energy.] Hydrogen produced through a
30 process that results in a lifecycle greenhouse gas emissions

1 rate of less than 4 kilograms of CO2e per kilogram of hydrogen.

2 "Lifecycle greenhouse gas emissions." As defined under 26
3 CFR §§ 1.45V-1 (relating to credit for production of clean
4 hydrogen), 1.45V-2 (relating to special rules), 1.45V-3
5 (relating to rules relating to the increased credit amount for
6 prevailing wage and apprenticeship), 1.45V-4 (relating to
7 procedures for determining lifecycle greenhouse gas emissions
8 rates for qualified clean hydrogen), 1.45V-5 (relating to
9 procedures for verification of qualified clean hydrogen
10 production and sale or use) and 1.45V-6 (relating to rules for
11 determining the placed in service date for an existing facility
12 that is modified or retrofitted to produce qualified clean
13 hydrogen) as of the effective date of this definition.

14 "Project facility." A facility located in this Commonwealth
15 which is owned by a qualified taxpayer [which is part of a
16 Regional Clean Hydrogen Hub designated by the United States
17 Department of Energy authorized under section 813 of the Energy
18 Policy Act of 2005].

19 "Qualified taxpayer." A company that satisfies all of the
20 following:

21 (1) Owns and operates a project facility [located within
22 a Regional Clean Hydrogen Hub designated by the United States
23 Department of Energy authorized under section 813 of the
24 Energy Policy Act of 2005] in this Commonwealth.

25 [(2) Has entered into a commitment letter under section
26 1752-L(b) to purchase clean hydrogen from a Regional Clean
27 Hydrogen Hub within this Commonwealth for use in
28 manufacturing at a project facility in this Commonwealth
29 which has been placed in service on or after the effective
30 date of this section.]

1 (2.1) Has entered into a commitment letter under section
2 1752-L(b) to purchase clean hydrogen for use in
3 manufacturing, aviation fuel production, heat or energy
4 generation or transportation and logistics at a project
5 facility in this Commonwealth which has been placed in
6 service on or after the effective date of this paragraph.

7 (3) Has made a capital investment of at least
8 [\$500,000,000] \$100,000,000 in order to construct the project
9 facility and place the project facility into service in this
10 Commonwealth.

11 (4) Has created a minimum aggregate total of [1,200] 200
12 new jobs and permanent jobs.

13 (5) Has made good faith efforts to recruit and employ,
14 and to encourage any contractors or subcontractors to recruit
15 and employ, workers from the local labor market for
16 employment during the construction of the project facility.

17 (6) Has demonstrated that the new jobs created at the
18 project facility or for work covered by Subarticle F are paid
19 at least the prevailing minimum wage and benefit rates for
20 each craft or classification as determined by the Department
21 of Labor and Industry.

22 (7) The construction work to place a project facility
23 into service shall be performed subject to the act of March
24 3, 1978 (P.L.6, No.3), known as the Steel Products
25 Procurement Act.

26 Section 1752-L. Eligibility.

27 * * *

28 (b) Commitment letter.--A company that applies for and
29 receives a tax credit under this subarticle shall enter into a
30 commitment letter with the Department of Community and Economic

1 Development to prescribe the date by which the project facility
2 will begin to purchase clean hydrogen [from sources within the
3 Regional Clean Hydrogen Hub in this Commonwealth for use in
4 manufacturing at the project facility.] for use in
5 manufacturing, aviation fuel production, heat and energy
6 generation or transportation and logistics at the project
7 facility from sources within this Commonwealth.

8 Section 1753-L. Application and approval of tax credit.

9 (a) Rate.--[The tax credit shall be equal to any one or more
10 of the following:

11 (1) \$0.81 per kilogram of clean hydrogen purchased from
12 a Regional Clean Hydrogen Hub within this Commonwealth and
13 used in manufacturing at the project facility by a qualified
14 taxpayer.

15 (2) \$0.47 per unit of natural gas that is purchased and
16 used in manufacturing at the project facility by a qualified
17 taxpayer.] The tax credit shall be equal to the following
18 based on the lifecycle greenhouse gas emissions of each
19 kilogram of clean hydrogen purchased for use in
20 manufacturing, aviation fuel production, heat and energy
21 generation or transportation and logistics at the project
22 facility by the qualified taxpayer:

<u>Carbon Intensity</u>	<u>Base Credit per kg</u>
<u>(kg of CO2e / kg H2)</u>	
<u>2.50kg to 4.00kg</u>	<u>\$0.16</u>
<u>1.50kg to 2.49kg</u>	<u>\$0.20</u>
<u>0.45kg to 1.49kg</u>	<u>\$0.27</u>
<u>Less than 0.45kg</u>	<u>\$0.81</u>

29 (b) Application.--

30 (1) A qualified taxpayer may apply to the department for

1 a tax credit under this section.

2 (2) The application must be submitted to the department
3 by March 1 for the tax credit claimed for clean hydrogen [or
4 natural gas purchased and used in manufacturing by the
5 qualified taxpayer at the project facility during the prior
6 calendar year.] purchased and used in manufacturing, aviation
7 fuel production, heat and energy generation or transportation
8 and logistics at the project facility during the prior
9 calendar year.

10 (3) The application must be on a form required by the
11 department which shall include the following:

12 [(i) information required by the department to
13 document the amount of natural gas purchased and used in
14 manufacturing at the project facility;]

15 (ii) information required by the department to
16 document the amount of clean hydrogen to be purchased
17 [from sources within the Regional Clean Hydrogen Hub in
18 this Commonwealth] and used in manufacturing [at the
19 project facility;], aviation fuel production, heat and
20 energy generation or transportation and logistics at the
21 project facility from sources located within this
22 Commonwealth;

23 (iii) information required by the department to
24 verify that the applicant is a qualified taxpayer; and

25 (iv) any other information as the department deems
26 appropriate.

27 (c) Review and approval.--

28 (1) The department shall review the applications and
29 shall issue an approval or disapproval by May 1.

30 [(2) Upon approval, the department shall issue a

1 certificate stating the amount of the tax credit granted for
2 natural gas purchased and used in manufacturing at the
3 project facility in the prior calendar year.]

4 (3) Upon approval, the department shall issue a
5 certificate stating the amount of the tax credit granted for
6 clean hydrogen purchased [from sources located in a Regional
7 Clean Hydrogen Hub located in this Commonwealth and used in
8 manufacturing at the project facility in the prior calendar
9 year.] for use in manufacturing, aviation fuel production,
10 heat and energy generation or transportation and logistics at
11 the project facility in the prior calendar year from sources
12 located within this Commonwealth.

13 (d) Availability of tax credits.--

14 (1) Each fiscal year, [\$50,000,000] \$49,000,000 in tax
15 credits shall be made available to the department in
16 accordance with this subarticle.

17 (2) The department shall issue up to [\$50,000,000 in a
18 fiscal year to the qualified taxpayer which first meets the
19 qualifications to receive a tax credit under this
20 subarticle.] \$7,000,000 to each of seven qualified taxpayers
21 which first meet the qualifications to receive a tax credit
22 under this subarticle and which are located in the regionally
23 diverse areas of the Commonwealth as follows:

24 (i) two qualified taxpayers which are located east
25 of the Susquehanna River;

26 (ii) two qualified taxpayers which are located west
27 of the Susquehanna River;

28 (iii) one qualified taxpayer which is located in a
29 county of the fifth, sixth, seventh or eighth class; and

30 (iv) two qualified taxpayers which may be located

1 anywhere in this Commonwealth.

2 (3) An amount under paragraph (1) which remains
3 unallocated under paragraph (2) shall be issued to the
4 qualified taxpayer which next meets the qualifications to
5 receive a tax credit under this subarticle.

6 (4) The total aggregate amount of tax credits awarded to
7 a qualified taxpayer under this subarticle may not exceed 50%
8 of the capital investment made to construct a project
9 facility and place the project facility into service in this
10 Commonwealth.

11 Section 1754-L. Use of tax credits.

12 * * *

13 (c) Limit.--A qualified taxpayer that has been granted a tax
14 credit under this subarticle shall be ineligible for any other
15 tax credit provided under this act [or a tax benefit as defined
16 in section 1701-A.1].

17 Section 1762-L. Applicability.

18 This subarticle shall apply to the purchase of clean hydrogen
19 from sources located [in a Regional Clean Hydrogen Hub] within
20 this Commonwealth [or natural gas used in manufacturing] at a
21 project facility for the period beginning January 1, [2024]
22 2025, and ending December 31, [2043] 2045.

23 Section 6. The definitions of "qualified taxpayer" and
24 "semiconductor manufacturing" in section 1771-L of the act are
25 amended and the section is amended by adding a definition to
26 read:

27 Section 1771-L. Definitions.

28 The following words and phrases when used in this subarticle
29 shall have the meanings given to them in this section unless the
30 context clearly indicates otherwise:

1 * * *

2 "Early stage semiconductor business." A business with less
3 than \$10,000,000 in revenue and in the areas of research or
4 design of semiconductor materials, semiconductor devices or
5 semiconductor packing and testing.

6 * * *

7 "Qualified taxpayer." A company that satisfies all of the
8 following or is an early stage semiconductor business:

9 (1) Conducts semiconductor manufacturing, biomedical
10 manufacturing or biomedical research in this Commonwealth at
11 a project facility in this Commonwealth that has been placed
12 in service on or after the effective date of this section.

13 (2) Has made a capital investment of at least
14 [\$200,000,000] \$100,000,000 in order to construct the project
15 facility and place the project facility into service in this
16 Commonwealth.

17 (3) Has created a minimum aggregate total of [800] 100
18 permanent jobs.

19 (4) Has made good faith efforts to recruit and employ,
20 and to encourage any contractors or subcontractors to recruit
21 and employ, workers from the local labor market for
22 employment during the construction of the project facility.

23 (5) Has demonstrated that the new jobs created at the
24 project facility or for work covered by Subarticle F are paid
25 at least the prevailing minimum wage and benefit rates for
26 each craft or classification as determined by the Department
27 of Labor and Industry.

28 (6) The construction work to place a project facility
29 into service shall be performed subject to the act of March
30 3, 1978 (P.L.6, No.3), known as the Steel Products

1 Procurement Act.

2 "Semiconductor manufacturing." [The manufacture of
3 components or the creation of advanced processes or technology
4 within the semiconductor manufacturing and related equipment and
5 material supplier sector.] Any of the following within the
6 semiconductor manufacturing and related equipment and material
7 supplier sector:

8 (1) The manufacture of components including
9 "semiconductor manufacturing," "semiconductor wafer
10 production," "semiconductor fabrication," "semiconductor
11 packaging," "manufacturing of semiconductors," "manufacturing
12 of semiconductor manufacturing equipment" or "semiconductor
13 manufacturing equipment" in 26 CFR § 1.48D-2 (relating to
14 definitions) as of the effective date of this paragraph.

15 (2) The creation of advanced processes or technology.

16 (3) The advanced testing and packaging of components.

17 Section 7. Section 1773-L(a) and (d) (2) of the act are
18 amended and subsection (d) is amended by adding a paragraph to
19 read:

20 Section 1773-L. Application and approval of tax credit.

21 (a) Determination of tax credit amount.--[The] Except as
22 provided under paragraph (3), the annual tax credit amount may
23 be determined based upon any one or more of the following:

24 (1) No more than 2.5% of the capital investment.

25 (2) No more than 100% of tax withheld from employees and
26 paid under Article III or \$20,000, whichever is less, for
27 each permanent job at the project facility.

28 (3) If the applicant is an early-stage semiconductor
29 business, the applicant must have at least \$3,000,000 in
30 research and development investment during the previous year <--

1 THREE YEARS.

2 * * *

3 (d) Availability of tax credits.--

4 * * *

5 (2) The department shall issue [up to \$10,000,000] a
6 minimum of \$1,000,000 in a fiscal year to [the] qualified
7 [taxpayer] taxpayers engaged in semiconductor manufacturing
8 which first meets the qualifications to receive a tax credit
9 under this subarticle. The department shall not exceed
10 \$8,000,000 in aggregate tax credits issued in a year.

11 * * *

12 (3.1) The department shall issue minimum of \$100,000 in
13 a fiscal year to an early stage semiconductor business. An
14 individual early stage semiconductor business may not receive
15 more than \$1,000,000 in any fiscal year. An award may be for
16 up to five years. The department shall not exceed \$2,000,000
17 in aggregate tax credits in a year.

18 * * *

19 Section 8. Article XVII-L of the act is amended by adding a ~~subarticle~~ ~~SUBARTICLES~~ to read: <--

20 SUBARTICLE E.1 <--

21 GEOHERMAL ENERGY

22 SECTION 1785-L. DEFINITIONS.

23 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS SUBARTICLE
24 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
25 CONTEXT CLEARLY INDICATES OTHERWISE:

26 "ELIGIBLE GEOTHERMAL SITE." A SITE THAT MEETS ONE OR MORE OF
27 THE FOLLOWING CRITERIA:

28 (1) OWNED OR OPERATED BY A MUNICIPALITY, COUNTY OR
29 COMMONWEALTH AGENCY.

1 (2) DESIGNATED AS A BROWNFIELD SITE UNDER THE ACT OF MAY
2 19, 1995 (P.L.4, NO.2), KNOWN AS THE LAND RECYCLING AND
3 ENVIRONMENTAL REMEDIATION STANDARDS ACT.

4 (3) LOCATED WITHIN AN ENVIRONMENTAL JUSTICE AREA AS
5 DEFINED BY THE DEPARTMENT OF ENVIRONMENTAL PROTECTION.

6 (4) MANAGED BY OR CONVEYED TO A LAND BANK UNDER 68
7 PA.C.S. CH. 21 (RELATING TO LAND BANKS).

8 (5) OWNED, MANAGED OR PERMANENTLY PROTECTED BY A
9 RECOGNIZED LAND TRUST OR CONSERVANCY.

10 (6) INVOLVES THE CONVERSION, REPURPOSING OR RECLAMATION
11 OF ABANDONED OR ORPHANED WELLS.

12 "PROJECT FACILITY." A FACILITY, SYSTEM OR INSTALLATION
13 LOCATED AT AN ELIGIBLE GEOTHERMAL SITE THAT PRODUCES ELECTRICITY
14 FROM GEOTHERMAL ENERGY SOURCES, INCLUDING GROUND-SOURCE OR
15 ENHANCED GEOTHERMAL SYSTEMS, FOR PRIMARY OR SUPPLEMENTAL ENERGY
16 PRODUCTION.

17 "QUALIFIED TAXPAYER." A COMPANY THAT SATISFIES THE
18 FOLLOWING:

19 (1) OPERATES A PROJECT FACILITY AT AN ELIGIBLE
20 GEOTHERMAL SITE.

21 (2) HAS MADE A CAPITAL INVESTMENT OF AT LEAST
22 \$25,000,000 IN ORDER TO CONSTRUCT THE PROJECT FACILITY AND
23 PLACE THE GEOTHERMAL ELECTRICITY GENERATION PROJECT INTO
24 SERVICE IN THIS COMMONWEALTH.

25 (3) HAS MADE GOOD FAITH EFFORTS TO RECRUIT AND EMPLOY,
26 AND TO ENCOURAGE ANY CONTRACTORS OR SUBCONTRACTORS TO RECRUIT
27 AND EMPLOY, WORKERS FROM THE LOCAL LABOR MARKET FOR
28 EMPLOYMENT DURING THE CONSTRUCTION OF THE PROJECT FACILITY.

29 (4) HAS DEMONSTRATED THAT THE NEW JOBS CREATED AT THE
30 PROJECT FACILITY OR FOR WORK COVERED BY SUBARTICLE F ARE PAID

1 AT LEAST THE PREVAILING MINIMUM WAGE AND BENEFIT RATES FOR
2 EACH CRAFT OR CLASSIFICATION AS DETERMINED BY THE DEPARTMENT
3 OF LABOR AND INDUSTRY.

4 (5) THE CONSTRUCTION WORK TO PLACE A PROJECT FACILITY
5 INTO SERVICE SHALL BE PERFORMED SUBJECT TO THE ACT OF MARCH
6 3, 1978 (P.L.6, NO.3), KNOWN AS THE STEEL PRODUCTS
7 PROCUREMENT ACT.

8 SECTION 1785.1-L. ELIGIBILITY.

9 IN ORDER TO BE ELIGIBLE TO RECEIVE A TAX CREDIT, A COMPANY
10 SHALL DEMONSTRATE THE FOLLOWING:

11 (1) THE COMPANY MEETS THE REQUIREMENTS OF A QUALIFIED
12 TAXPAYER.

13 (2) CONFIRMATION THAT THE COMPANY HAS FILED ALL REQUIRED
14 STATE TAX REPORTS AND RETURNS FOR ALL APPLICABLE TAXABLE
15 YEARS AND PAID ANY BALANCE OF STATE TAX DUE AS DETERMINED BY
16 ASSESSMENT OR DETERMINATION BY THE DEPARTMENT AND NOT UNDER
17 TIMELY APPEAL.

18 SECTION 1785.2-L. APPLICATION AND APPROVAL OF TAX CREDIT.

19 (A) DETERMINATION OF TAX CREDIT AMOUNT.--A QUALIFIED
20 TAXPAYER SHALL BE ELIGIBLE FOR A TAX CREDIT OF 30% OF THE
21 CAPITAL INVESTMENT, UP TO A MAXIMUM OF \$5,000,000.

22 (B) APPLICATION.--

23 (1) A QUALIFIED TAXPAYER MAY APPLY TO THE DEPARTMENT FOR
24 A TAX CREDIT UNDER THIS SECTION.

25 (2) THE APPLICATION MUST BE SUBMITTED TO THE DEPARTMENT
26 BY MARCH 1 FOR THE TAX CREDIT CLAIMED FOR GEOTHERMAL
27 ELECTRICITY GENERATION CONDUCTED BY THE QUALIFIED TAXPAYER AT
28 THE PROJECT FACILITY DURING THE PRIOR CALENDAR YEAR.

29 (3) THE APPLICATION MUST BE ON THE FORM REQUIRED BY THE
30 DEPARTMENT WHICH SHALL INCLUDE THE FOLLOWING:

1 (I) INFORMATION REQUIRED BY THE DEPARTMENT TO
2 DOCUMENT THE GEOTHERMAL ELECTRICITY GENERATION CONDUCTED
3 AT THE PROJECT FACILITY;

4 (II) INFORMATION REQUIRED BY THE DEPARTMENT TO
5 VERIFY THAT THE APPLICANT IS A QUALIFIED TAXPAYER; AND

6 (III) ANY OTHER INFORMATION AS THE DEPARTMENT DEEMS
7 APPROPRIATE.

8 (C) REVIEW AND APPROVAL.--

9 (1) THE DEPARTMENT SHALL REVIEW THE APPLICATIONS AND
10 SHALL ISSUE AN APPROVAL OR DISAPPROVAL BY MAY 1.

11 (2) UPON APPROVAL, THE DEPARTMENT SHALL ISSUE A
12 CERTIFICATE STATING THE AMOUNT OF THE TAX CREDIT GRANTED FOR
13 GEOTHERMAL ELECTRICITY GENERATION CONDUCTED AT THE PROJECT
14 FACILITY IN THE PRIOR CALENDAR YEAR.

15 (D) AVAILABILITY OF TAX CREDITS.--

16 (1) EACH FISCAL YEAR, \$40,000,000 IN TAX CREDITS SHALL
17 BE MADE AVAILABLE TO THE DEPARTMENT IN ACCORDANCE WITH THIS
18 SUBARTICLE.

19 (2) THE DEPARTMENT MAY ISSUE UP TO \$40,000,000 IN A
20 FISCAL YEAR TO QUALIFIED TAXPAYERS ENGAGED IN GEOTHERMAL
21 ELECTRICITY GENERATION AT A PROJECT FACILITY.

22 SECTION 1785.3-L. CARRYOVER, CARRYBACK AND REFUND.

23 A TAX CREDIT CANNOT BE CARRIED BACK, CARRIED FORWARD OR BE
24 USED TO OBTAIN A REFUND.

25 SECTION 1785.4-L. SALE OR ASSIGNMENT.

26 (A) AUTHORIZATION.--IF THE QUALIFIED TAXPAYER HOLDS A TAX
27 CREDIT THROUGH THE END OF THE CALENDAR YEAR IN WHICH THE TAX
28 CREDIT WAS GRANTED, THE QUALIFIED TAXPAYER MAY SELL OR ASSIGN A
29 TAX CREDIT, IN WHOLE OR IN PART, IF THE SALE IS EFFECTIVE BY THE
30 CLOSE OF THE FOLLOWING CALENDAR YEAR.

1 (B) APPLICATION.--

2 (1) TO SELL OR ASSIGN A TAX CREDIT, A QUALIFIED TAXPAYER
3 MUST FILE AN APPLICATION FOR THE SALE OR ASSIGNMENT OF THE
4 TAX CREDIT WITH THE DEPARTMENT. THE APPLICATION MUST BE ON A
5 FORM REQUIRED BY THE DEPARTMENT.

6 (2) TO APPROVE AN APPLICATION, THE DEPARTMENT MUST
7 RECEIVE:

8 (I) A FINDING FROM THE DEPARTMENT THAT THE APPLICANT
9 HAS:

10 (A) FILED ALL REQUIRED STATE TAX REPORTS AND
11 RETURNS FOR ALL APPLICABLE TAXABLE YEARS; AND

12 (B) PAID ANY BALANCE OF STATE TAX DUE AS
13 DETERMINED BY ASSESSMENT OR DETERMINATION BY THE
14 DEPARTMENT AND NOT UNDER TIMELY APPEAL; AND

15 (II) FOR A SALE OR ASSIGNMENT TO A COMPANY THAT IS
16 NOT AN UPSTREAM COMPANY OR DOWNSTREAM COMPANY, A
17 CERTIFICATION FROM THE QUALIFIED TAXPAYER THAT THE
18 QUALIFIED TAXPAYER HAS OFFERED TO SELL OR ASSIGN THE TAX
19 CREDIT:

20 (A) EXCLUSIVELY TO A DOWNSTREAM COMPANY FOR A
21 PERIOD OF 30 DAYS FOLLOWING APPROVAL OF THE TAX
22 CREDIT UNDER SECTION 1773-L(C); AND

23 (B) TO AN UPSTREAM COMPANY OR DOWNSTREAM COMPANY
24 FOR A PERIOD OF 30 DAYS FOLLOWING EXPIRATION OF THE
25 PERIOD UNDER CLAUSE (A).

26 (C) APPROVAL.--UPON APPROVAL BY THE DEPARTMENT, A QUALIFIED
27 TAXPAYER MAY SELL OR ASSIGN, IN WHOLE OR IN PART, A TAX CREDIT.
28 SECTION 1785.5-L. PURCHASERS AND ASSIGNEES.

29 (A) TIME.--THE PURCHASER OR ASSIGNEE UNDER SECTION 1785.4-L
30 MUST CLAIM THE TAX CREDIT IN THE CALENDAR YEAR IN WHICH THE

1 PURCHASE OR ASSIGNMENT IS MADE.

2 (B) AMOUNT.--THE AMOUNT OF THE TAX CREDIT THAT A PURCHASER
3 OR ASSIGNEE UNDER SECTION 1785.4-L MAY USE AGAINST ANY ONE
4 QUALIFIED TAX LIABILITY MAY NOT EXCEED 50% OF ANY OF THE
5 QUALIFIED TAX LIABILITIES OF THE PURCHASER OR ASSIGNEE FOR THE
6 TAXABLE YEAR.

7 (C) RESALE AND ASSIGNMENT.--

8 (1) A PURCHASER UNDER SECTION 1776-L MAY NOT SELL OR
9 ASSIGN THE PURCHASED TAX CREDIT.

10 (2) AN ASSIGNEE UNDER SECTION 1785.4-L MAY NOT SELL OR
11 ASSIGN THE ASSIGNED TAX CREDIT.

12 (D) NOTICE.--THE PURCHASER OR ASSIGNEE UNDER SECTION 1785.4-
13 L SHALL NOTIFY THE DEPARTMENT OF THE SELLER OR ASSIGNOR OF THE
14 TAX CREDIT IN COMPLIANCE WITH PROCEDURES SPECIFIED BY THE
15 DEPARTMENT.

16 SECTION 1785.6-L. PASS-THROUGH ENTITY.

17 (A) ELECTION.--IF A PASS-THROUGH ENTITY HAS AN UNUSED TAX
18 CREDIT, THE PASS-THROUGH ENTITY MAY ELECT, IN WRITING, ACCORDING
19 TO PROCEDURES ESTABLISHED BY THE DEPARTMENT, TO TRANSFER ALL OR
20 A PORTION OF THE TAX CREDIT TO SHAREHOLDERS, MEMBERS OR PARTNERS
21 IN PROPORTION TO THE SHARE OF THE ENTITY'S DISTRIBUTIVE INCOME
22 TO WHICH THE SHAREHOLDERS, MEMBERS OR PARTNERS ARE ENTITLED.

23 (B) LIMITATION.--THE SAME UNUSED TAX CREDIT UNDER SUBSECTION
24 (A) MAY NOT BE CLAIMED BY:

25 (1) THE PASS-THROUGH ENTITY; AND

26 (2) A SHAREHOLDER, MEMBER OR PARTNER OF THE PASS-THROUGH
27 ENTITY.

28 (C) AMOUNT.--THE AMOUNT OF THE TAX CREDIT THAT A TRANSFEREE
29 UNDER SUBSECTION (A) MAY USE AGAINST ANY ONE QUALIFIED TAX
30 LIABILITY MAY NOT EXCEED 20% OF ANY QUALIFIED TAX LIABILITIES

1 FOR THE TAXABLE YEAR.

2 (D) TIME.--A TRANSFEREE UNDER SUBSECTION (A) MUST CLAIM THE
3 TAX CREDIT IN THE CALENDAR YEAR IN WHICH THE TRANSFER IS MADE.

4 (E) SALE AND ASSIGNMENT.--A TRANSFEREE UNDER SUBSECTION (A)
5 MAY NOT SELL OR ASSIGN THE TAX CREDIT.

6 SECTION 1785.7-L. GUIDELINES AND REGULATIONS.

7 THE DEPARTMENT SHALL DEVELOP WRITTEN GUIDELINES FOR THE
8 IMPLEMENTATION OF THIS SUBARTICLE. THE GUIDELINES SHALL BE IN
9 EFFECT UNTIL THE DEPARTMENT PROMULGATES REGULATIONS FOR THE
10 IMPLEMENTATION OF THIS SUBARTICLE.

11 SECTION 1785.8-L. REPORT TO GENERAL ASSEMBLY.

12 (A) REPORT.--

13 (1) NO LATER THAN THE YEAR AFTER WHICH TAX CREDITS ARE
14 FIRST AWARDED UNDER THIS SUBARTICLE, AND EACH OCTOBER 1
15 THEREAFTER, THE DEPARTMENT SHALL SUBMIT A REPORT TO THE
16 GENERAL ASSEMBLY SUMMARIZING THE EFFECTIVENESS OF THE TAX
17 CREDIT. THE REPORT SHALL INCLUDE THE NAMES OF ALL QUALIFIED
18 TAXPAYERS UTILIZING THE TAX CREDIT AS OF THE DATE OF THE
19 REPORT AND THE AMOUNT OF TAX CREDITS APPROVED FOR, UTILIZED
20 BY OR SOLD OR ASSIGNED BY EACH QUALIFIED TAXPAYER. THE REPORT
21 SHALL BE SUBMITTED TO THE FOLLOWING:

22 (I) THE CHAIR AND MINORITY CHAIR OF THE
23 APPROPRIATIONS COMMITTEE OF THE SENATE.

24 (II) THE CHAIR AND MINORITY CHAIR OF THE FINANCE
25 COMMITTEE OF THE SENATE.

26 (III) THE CHAIR AND MINORITY CHAIR OF THE
27 APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

28 (IV) THE CHAIR AND MINORITY CHAIR OF THE FINANCE
29 COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

30 (2) IN ADDITION TO THE INFORMATION REQUIRED UNDER

1 PARAGRAPH (1), THE REPORT SHALL INCLUDE THE FOLLOWING
2 INFORMATION IN A MANNER SEPARATED BY GEOGRAPHIC LOCATION
3 WITHIN THIS COMMONWEALTH:

4 (I) THE AMOUNT OF TAX CREDITS CLAIMED BY QUALIFIED
5 TAXPAYERS DURING THE FISCAL YEAR.

6 (II) THE TOTAL NUMBER OF NEW JOBS AND PERMANENT JOBS
7 CREATED BY QUALIFIED TAXPAYERS DURING THE FISCAL YEAR,
8 INCLUDING THE DURATION OF THE JOBS.

9 (B) PUBLIC INFORMATION.--NOTWITHSTANDING ANY LAW PROVIDING
10 FOR THE CONFIDENTIALITY OF TAX RECORDS, THE INFORMATION IN THE
11 REPORT UNDER SUBSECTION (A) SHALL BE PUBLIC INFORMATION, AND ALL
12 REPORT INFORMATION SHALL BE POSTED ON THE DEPARTMENT'S PUBLICLY
13 ACCESSIBLE INTERNET WEBSITE.

14 SECTION 1785.9-L. APPLICABILITY.

15 THE TAX CREDIT UNDER THIS SUBARTICLE SHALL APPLY TO
16 GEOHERMAL ELECTRICITY GENERATION AT EACH PROJECT FACILITY FOR A
17 PERIOD OF 15 YEARS.

18 SUBARTICLE ~~E.1~~ E.2

<--

19 SUSTAINABLE AVIATION FUEL

20 Section 1789.10-L. Duty and standards.

21 (a) Duty.--The Constitution of Pennsylvania guarantees the
22 right to clean air, pure water and to the preservation of the
23 natural, scenic, historic and esthetic values of the
24 environment. It is the Commonwealth's duty as trustee to
25 conserve and maintain them for the benefit of all the people.

26 (b) Standards.--The General Assembly finds and declares as
27 follows:

28 (1) Prohibiting degradation, diminution and depletion of
29 public natural resources during the production and use of
30 aircraft fuel carries out the duty under subsection (a).

1 (2) Tax credits are an effective measure to improve the
2 economy of this Commonwealth.

3 (3) Providing tax credits for the production of aircraft
4 fuel under paragraph (1) is affirmative legislation to
5 protect the environment.

6 Section 1789.11-L. Definitions.

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

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

11 "Project facility." A facility located in this Commonwealth
12 which is owned by a qualified taxpayer which manufactures
13 sustainable aviation fuel.

14 "Qualified taxpayer." An entity that satisfies all of the
15 following:

16 (1) owns and operates a project facility located within
17 this Commonwealth;

18 (2) has entered into a commitment letter under section
19 1789.12-L(b) to produce sustainable aviation fuel at a
20 project facility in this Commonwealth which has been placed
21 in service on or after the effective date of this paragraph;

22 (3) has made a capital investment of at least
23 \$250,000,000 in order to construct the project facility and
24 place the project facility into service in this Commonwealth;

25 (4) has created a minimum aggregate total of 400 new
26 jobs and permanent jobs;

27 (5) has made good faith efforts to recruit and employ,
28 and to encourage any contractors or subcontractors to recruit
29 and employ, workers from the local labor market for
30 employment during the construction of the project facility;

1 (6) has demonstrated that the new jobs created at the
2 project facility or that work covered by Subarticle F are
3 paid at least the prevailing minimum wage and benefit rates
4 for each craft or classification as determined by the
5 Department of Labor and Industry; and

6 (7) guarantees that construction work to place a project
7 facility into service shall be performed subject to the act
8 of March 3, 1978 (P.L.6, No.3), known as the Steel Products
9 Procurement Act.

10 "Sustainable aviation fuel." Liquid fuel which complies with
11 all of the following:

12 (1) Can be used to fuel an aircraft.

13 (2) Is not kerosene.

14 (3) Is not derived from palm fatty acid distillates or
15 petroleum, as defined under ASTM D1655 or a successor
16 standard adopted by the department.

17 (4) Meets the requirements of:

18 (i) ASTM International Standard D7566;

19 (ii) the Fischer Drops provisions of ASTM
20 International Standard D1655, Annex A1 adopted by the
21 department; or

22 (iii) a successor standard adopted by the department
23 in a notice published in the Pennsylvania Bulletin to
24 satisfy the standards under section 1789.10-L(b)(1) and
25 (3).

26 Section 1789.12-L. Eligibility.

27 (a) Demonstration.--In order to be eligible to receive a tax
28 credit, an entity shall demonstrate the following:

29 (1) The entity meets the requirements of a qualified
30 taxpayer.

1 (2) Confirmation that the entity has filed all required
2 State tax reports and returns for all applicable taxable
3 years and paid any balance of State tax due as determined by
4 assessment or determination by the department and not under
5 timely appeal.

6 (b) Commitment letter.--An entity that applies for and
7 receives a tax credit under this subarticle shall enter into a
8 commitment letter with the Department of Community and Economic
9 Development to prescribe the date by which the project facility
10 will begin to produce sustainable aviation fuel at the project
11 facility.

12 Section 1789.13-L. Application and approval of tax credit.

13 (a) Rate.--The tax credit shall be equal to 75¢ per gallon
14 of sustainable aviation fuel produced at the project facility by
15 a qualified taxpayer.

16 (b) Application.--

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

19 (2) The application must be submitted to the department
20 by March 1 for the tax credit claimed for sustainable
21 aviation fuel produced at the project facility during the
22 prior calendar year.

23 (3) The application must be on a form required by the
24 department which shall include the following:

25 (i) information required by the department to
26 document the amount of sustainable aviation fuel produced
27 at the project facility;

28 (ii) information required by the department to
29 verify that the applicant is a qualified taxpayer; and

30 (iii) any other information as the department deems

1 appropriate.

2 (c) Review and approval.--

3 (1) The department shall review the applications and
4 shall issue an approval or disapproval by May 1, 2026, and
5 each May 1 thereafter.

6 (2) Upon approval, the department shall issue a
7 certificate stating the amount of the tax credit granted for
8 sustainable aviation fuel produced at the project facility in
9 the prior calendar year.

10 (d) Availability of tax credits.--

11 (1) Each fiscal year, up to \$15,000,000 of tax credits
12 made available to the department under Subarticle D which
13 remain unallocated shall be made available to the department
14 in accordance with this subarticle.

15 (2) The department shall issue up to \$15,000,000 in a
16 fiscal year to the qualified taxpayers which meet the
17 qualifications to receive a tax credit under this subarticle.

18 (3) The total aggregate amount of tax credits awarded to
19 a qualified taxpayer under this subarticle may not exceed 25%
20 of the capital investment made to construct a project
21 facility and place the project facility into service in this
22 Commonwealth.

23 Section 1789.14-L. Use of tax credits.

24 (a) Initial use.--Prior to sale or assignment of a tax
25 credit under section 1789.16-L, a qualified taxpayer must first
26 use a tax credit against the qualified tax liability incurred in
27 the taxable year for which the tax credit was approved.

28 (b) Eligibility.--The tax credit may be applied against up
29 to 20% of the qualified taxpayer's qualified tax liabilities
30 incurred in the taxable year for which the tax credit was

1 approved.

2 Section 1789.15-L. Carryover, carryback and refund.

3 A tax credit may not be carried back, carried forward or be
4 used to obtain a refund.

5 Section 1789.16-L. Sale or assignment.

6 (a) Authorization.--If the qualified taxpayer holds a tax
7 credit through the end of the calendar year in which the tax
8 credit was granted, the qualified taxpayer may sell or assign a
9 tax credit in whole or in part, provided the sale is effective
10 by the close of the following calendar year.

11 (b) Application.--

12 (1) To sell or assign a tax credit, a qualified taxpayer
13 must submit an application for the sale or assignment of the
14 tax credit with the department. The application must be on a
15 form required by the department.

16 (2) To approve an application, the department must:

17 (i) Find that the applicant has:

18 (A) filed all required State tax reports and
19 returns for all applicable taxable years; and

20 (B) paid any balance of State tax due as
21 determined by assessment or determination by the
22 department and not under timely appeal.

23 (ii) (Reserved).

24 (c) Approval.--Upon approval by the department, a qualified
25 taxpayer may sell or assign, in whole or in part, a tax credit.

26 Section 1789.17-L. Purchasers and assignees.

27 (a) Time.--The purchaser or assignee under section 1789.16-L
28 must claim the tax credit in the calendar year in which the
29 purchase or assignment is made.

30 (b) Amount.--The amount of the tax credit that a purchaser

1 or assignee under section 1789.16-L may use against any one
2 qualified tax liability may not exceed 50% of any of the
3 qualified tax liabilities of the purchaser or assignee for the
4 taxable year.

5 (c) Resale and assignment.--

6 (1) A purchaser under section 1789.16-L may not sell or
7 assign the purchased tax credit.

8 (2) An assignee under section 1789.16-L may not sell or
9 assign the assigned tax credit.

10 (d) Notice.--The purchaser or assignee under section
11 1789.16-L shall notify the department of the seller or assignor
12 of the tax credit in compliance with procedures specified by the
13 department.

14 Section 1789.18-L. Pass-through entity.

15 (a) Election.--If a pass-through entity has an unused tax
16 credit, the pass-through entity may elect, in writing, according
17 to procedures established by the department, to transfer all or
18 a portion of the tax credit to shareholders, members or partners
19 in proportion to the share of the pass-through entity's
20 distributive income to which the shareholders, members or
21 partners are entitled.

22 (b) Limitation.--The same unused tax credit under subsection
23 (a) may not be claimed by:

24 (1) the pass-through entity; and

25 (2) a shareholder, member or partner of the pass-through
26 entity.

27 (c) Amount.--The amount of the tax credit that a transferee
28 under subsection (a) may use against any one qualified tax
29 liability may not exceed 20% of any qualified tax liabilities
30 for the taxable year.

1 (d) Time.--A transferee under subsection (a) must claim the
2 tax credit in the calendar year in which the transfer is made.

3 (e) Sale and assignment.--A transferee under subsection (a)
4 may not sell or assign the tax credit.

5 Section 1789.19-L. (Reserved).

6 Section 1789.20-L. Guidelines and regulations.

7 The department shall develop written guidelines for the
8 implementation of this subarticle. The guidelines shall be in
9 effect until the department promulgates regulations for the
10 implementation of the provisions of this subarticle.

11 Section 1789.21-L. Report to General Assembly.

12 (a) Report.--

13 (1) No later than the year after which tax credits are
14 first awarded under this subarticle, and each October 1
15 thereafter, the department shall submit a report to the
16 General Assembly summarizing the effectiveness of the tax
17 credit. The report shall include the names of all qualified
18 taxpayers utilizing the tax credit as of the date of the
19 report and the amount of tax credits approved for, utilized
20 by or sold or assigned by each qualified taxpayer. The report
21 shall be submitted to all of the following:

22 (i) The chair and minority chair of the
23 Appropriations Committee of the Senate.

24 (ii) The chair and minority chair of the
25 Appropriations Committee of the House of Representatives.

26 (iii) The chair and minority chair of the
27 Environmental Resources and Energy Committee of the
28 Senate.

29 (iv) The chair and minority chair of the
30 Environmental Resources and Energy Committee of the House

1 of Representatives.

2 (v) The chair and minority chair of the Finance
3 Committee of the Senate.

4 (vi) The chair and minority chair of the Finance
5 Committee of the House of Representatives.

6 (2) In addition to the information required under
7 paragraph (1), the report shall include the following
8 information in a manner separated by geographic location
9 within this Commonwealth:

10 (i) The amount of tax credits claimed by qualified
11 taxpayers during the fiscal year.

12 (ii) The total number of new jobs and permanent jobs
13 created by qualified taxpayers during the fiscal year,
14 including the duration of the jobs.

15 (b) Public information.--Notwithstanding any law providing
16 for the confidentiality of tax records, the information in the
17 report under subsection (a) shall be public information, and all
18 report information shall be posted on the department's publicly
19 accessible Internet website.

20 Section 1789.22-L. Applicability.

21 The tax credit under this subarticle shall apply to the
22 production of sustainable aviation fuel at a project facility
23 for the period beginning January 1, 2028, and ending December
24 31, 2044.

25 Section 9. Section 1791-L of the act is amended to read:

26 Section 1791-L. Definitions.

27 The following words and phrases when used in this subarticle
28 shall have the meanings given to them in this section unless the
29 context clearly indicates otherwise:

30 "Qualified project facility." Any of the following:

- 1 (1) A project facility as defined in section 1711-L.
- 2 (2) A project facility as defined in section 1731-L.
- 3 (3) A project facility as defined in section 1751-L.
- 4 (4) A project facility as defined in section 1771-L.
- 5 (5) A project facility as defined in section 1789.11-L.

6 "Qualified tax credit recipient." Any of the following who
7 have been awarded a tax credit:

- 8 (1) A qualified taxpayer as defined in section 1711-L.
- 9 (2) A qualified taxpayer as defined in section 1731-L.
- 10 (3) A qualified taxpayer as defined in section 1751-L.
- 11 (4) A qualified taxpayer as defined in section 1771-L.
- 12 (5) A project facility as defined in section 1789.11-L.

13 Section 10. This act shall take effect in 60 days.