

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 500 Session of 2025

INTRODUCED BY PISCIOTTANO, COSTA, TARTAGLIONE, SANTARSIERO,
KANE, STREET, COMMITTA, COLLETT, FONTANA, SCHWANK, BOSCOLA,
HUGHES, HAYWOOD, CAPPELLETTI AND MILLER, JULY 8, 2025

REFERRED TO FINANCE, JULY 8, 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:

26 Section 1. Subarticle B of Article XVII-L of the act of
27 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
28 1971, is repealed:

[SUBARTICLE B

LOCAL RESOURCE MANUFACTURING

Section 1711-L. Definitions.

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

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

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

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

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

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

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

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

(2) Has made a capital investment of at least \$400,000,000 in order to construct the project facility and

1 place the project facility into service in this Commonwealth.

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

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

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

13 (6) The construction work to place a project facility
14 into service shall be performed subject to the act of March
15 3, 1978 (P.L.6, No.3), known as the Steel Products
16 Procurement Act.

17 Section 1712-L. Eligibility.

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

20 (1) The company meets the requirements of a qualified
21 taxpayer.

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

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

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

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

6 (b) Application.--

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

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

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

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

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

22 (iii) any other information as the department deems
23 appropriate.

24 (c) Review and approval.--

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

27 (2) Upon approval, the department shall issue a
28 certificate stating the amount of tax credit granted for dry
29 natural gas purchased and used in the manufacture of
30 petrochemicals or fertilizers at the project facility in the

1 prior calendar year.

2 (d) Availability of tax credits.--

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

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

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

12 (i) has made a total capital investment of at least
13 \$1,000,000,000 in order to construct the project facility
14 and place the project facility into service in this
15 Commonwealth;

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

18 (iii) has satisfied all other eligibility
19 requirements for a qualified taxpayer under this
20 subarticle.

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

25 Section 1714-L. Use of tax credits.

26 (a) Initial use.--Prior to sale or assignment of a tax
27 credit under section 1716-L, a qualified taxpayer must first use
28 a tax credit against the qualified tax liability incurred in the
29 taxable year for which the tax credit was approved.

30 (b) Eligibility.--The tax credit may be applied against up

1 to 20% of the qualified taxpayer's qualified tax liabilities
2 incurred in the taxable year for which the tax credit was
3 approved.

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

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

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

10 Section 1716-L. Sale or assignment.

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

16 (b) Application.--

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

21 (2) To approve an application, the department must
22 receive:

23 (i) a finding from the department that the applicant
24 has:

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

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

30 (ii) for a sale or assignment to a company that is

1 not an upstream company or downstream company, a
2 certification from the qualified taxpayer that the
3 qualified taxpayer has offered to sell or assign the tax
4 credit:

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

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

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

13 Section 1717-L. Purchasers and assignees.

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

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

22 (c) Resale and assignment.--

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

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

27 (d) Notice.--The purchaser or assignee under section 1716-L
28 shall notify the department of the seller or assignor of the tax
29 credit in compliance with procedures specified by the
30 department.

1 Section 1718-L. Pass-through entity.

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

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

10 (1) the pass-through entity; and

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

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

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

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

21 Section 1719-L. (Reserved).

22 Section 1720-L. Administration.

23 (a) Audits and assessments.--

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

26 (2) The department may issue an assessment against a
27 taxpayer for an improperly issued tax credit. The procedures,
28 collection, enforcement and appeals of an assessment made
29 under this section shall be governed by Article II.

30 (b) Guidelines and regulations.--The department shall

1 develop written guidelines for the implementation of this
2 subarticle. The guidelines shall be in effect until the
3 department promulgates regulations for the implementation of the
4 provisions of this subarticle.

5 Section 1721-L. Reports to General Assembly.

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

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

27 (1) The name and business address of all qualified
28 taxpayers who have been granted tax credits under this
29 subarticle.

30 (2) The amount of tax credits granted to each qualified

1 taxpayer.

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

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

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

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

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

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

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

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

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

21 Section 1722-L. Applicability.

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

25 Section 1723-L. Expiration.

26 This subarticle shall expire December 31, 2050.]

27 Section 2. Article XVII-L of the act is amended by adding a
28 subarticle to read:

29 SUBARTICLE B.1

30 RELIABLE ENERGY INVESTMENT TAX CREDIT

1 Section 1711.1-L. Definitions.

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

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

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

20 "Clean energy." Electric energy generation that emits carbon
21 dioxide equivalent emissions of less than 100 pounds per
22 megawatt-hour.

23 "Clean energy emissions threshold." One hundred pounds of
24 carbon dioxide equivalent per megawatt-hour of electricity
25 generated.

26 "Commercial operation." The condition of a reliable energy
27 generation facility or reliable energy storage facility when the
28 facility has satisfied applicable testing and is generating or
29 discharging electric power to earn revenue on a reasonably
30 continuous basis.

1 "Commercial operation date." The date on which commercial
2 operation of a reliable energy generation facility or reliable
3 energy storage facility commences.

4 "Commission." The Pennsylvania Public Utility Commission or
5 a successor agency.

6 "Company." A corporation, partnership, limited liability
7 company, limited liability partnership, business trust,
8 unincorporated joint venture or other business entity doing
9 business within this Commonwealth.

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

11 "Electric distribution company." As defined in 66 Pa.C.S. §
12 2803 (relating to definitions).

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

18 "Maximum facility output." The maximum net electrical power
19 output in megawatts, after supply of any parasitic or host
20 facility loads, that a reliable energy project facility or
21 reliable energy storage facility is expected to produce or
22 store. For an expansion or modification of an existing facility,
23 only the incremental clean energy output that results from the
24 expansion or modification shall be considered. For purposes of
25 this definition, incremental clean energy output may be
26 calculated on the basis of an expected increase in the actual
27 maximum facility output of clean energy resulting from the
28 expansion or modification, including as reflected in modified or
29 amended facility operating licenses from the Federal Energy
30 Regulatory Commission or the Nuclear Regulatory Commission, or

related reports prepared by either commission as part of the
licensing process. The term does not include nominal electrical
power output. To calculate maximum facility output, a new
electric generating facility directly connected to a new
reliable energy storage facility may elect to subtract the
maximum facility output of the reliable energy storage facility
from the maximum net electrical power output, after supply of
any parasitic or host facility loads, that the facility is
expected to produce or store.

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

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

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

(3) An unincorporated entity subject to section 307.21.

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

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

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

"Qualified reliable energy tax credit rate." One hundred
percent, unless the project index price is greater than \$70 per
megawatt-hour, adjusted for inflation in the Consumer Price
Index after the effective date of this definition, in which case
the qualified reliable energy tax credit rate shall be reduced
by 1.5% for each \$1 per megawatt-hour that the project index
price is greater than \$70 per megawatt-hour adjusted for

1 inflation, to a minimum of 10%.

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

3 (1) A company that:

4 (i) has made a capital investment to construct a
5 reliable energy project facility;

6 (ii) owns and operates a reliable energy project
7 facility; and

8 (iii) otherwise satisfies the requirements of this
9 subarticle.

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

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

15 "Reliable energy generation facility." A new electric
16 generating facility or an expansion or modification of an
17 electric generating facility located in this Commonwealth that
18 meets the following:

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

20 (2) Required a capital investment of at least
21 \$25,000,000 to place into commercial operation.

22 (3) Required at least 10,000 work hours to place into
23 commercial operation or is a surplus interconnection
24 facility.

25 (4) For a new electric generating facility, has a
26 maximum facility output of at least 25 megawatts, or for an
27 expansion or modification of an electric generating facility,
28 an additional maximum facility output of at least 25
29 megawatts.

30 (5) Is either:

1 (i) projected to generate an amount of clean energy
2 in each full average operating year that is greater than
3 the product of 60% of its maximum facility output,
4 multiplied by 8,760 hours; or

5 (ii) a surplus interconnection facility.

6 (6) Delivers the electricity it generates to a
7 distribution system of an electric distribution company or a
8 transmission system operated by a regional transmission
9 organization.

10 (7) If the electric generating facility is being
11 restarted, no substantial step towards restarting occurred
12 prior to the effective date of this section.

13 "Reliable energy storage facility."

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

23 (i) Is owned by a qualified reliable energy
24 taxpayer.

25 (ii) Required a capital investment of at least
26 \$50,000,000 to place into commercial operation.

27 (iii) Required at least 10,000 work hours to place
28 into commercial operation.

29 (iv) Has a maximum facility output of at least 10
30 megawatts.

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

14 (vi) Delivers the electricity it discharges to a
15 distribution system of an electric distribution company
16 or a transmission system operated by a regional
17 transmission organization.

18 (2) The term does not include a new pumped storage
19 hydropower facility which uses a change in elevation as a
20 means of hydroelectric energy storage and has been granted a
21 preliminary permit by the Federal Energy Regulatory
22 Commission prior to the effective date of this section.

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

26 "Substantial step." The term includes submitting a letter
27 notifying the Nuclear Regulatory Commission of the intent to
28 restore operations or submitting a detailed regulatory path to
29 reauthorize power operations.

30 "Surplus interconnection facility." A new electric

generating facility that generates clean energy, shares
interconnection infrastructure and a single point of
interconnection with an existing electric generating facility,
and exclusively uses the surplus portion of the existing
generating facility's interconnection service established in a
large generator interconnection agreement. The surplus portion
shall be determined such that, if the surplus interconnection
service were utilized, the total amount of interconnection
service at the point of interconnection would remain the same.

"Work hour." One hour of compensation during the
construction or the restart of a reliable energy generation
facility or reliable energy storage facility.

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

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

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

(2) A qualified reliable energy taxpayer shall receive
qualified reliable energy tax credits equal to the product of
the qualified reliable energy tax credit rate multiplied by
\$300,000 per new or additional megawatt of maximum facility
output, up to a total maximum of \$100,000,000 for each
project, which may be carried over as described in section
1713-L(c), but may not be re-awarded in multiple years.

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

1 eligible for qualified reliable energy tax credits.

2 (b) Application.--

3 (1) An applicant for a qualified reliable energy tax
4 credit shall complete a form as prescribed by the department
5 that shall include:

6 (i) A description of the reliable energy facility or
7 reliable energy storage facility.

8 (ii) Verification that the taxpayer has made or will
9 make a capital investment greater than \$25,000,000 prior
10 to the placing in service of the reliable energy
11 generation facility or reliable energy storage facility.

12 (iii) An estimate of the total capital investment
13 that will be made.

14 (iv) The expected commercial operation date of the
15 reliable energy project facility or reliable energy
16 storage facility.

17 (1.1) If the applicant deems the form under paragraph
18 (1) to contain confidential proprietary information, the form
19 may be submitted on a confidential basis, shall be treated
20 and maintained by the department as confidential proprietary
21 information and is exempt from access under the act of
22 February 14, 2008 (P.L.6, No.3), known as the Right-to-Know
23 Law.

24 (2) The department shall review applications submitted
25 and issue a written approval or disapproval, stating the
26 reasons for the department's decision, within 60 days of the
27 application's submission. The department's decision on the
28 application may be appealed in the same manner as an
29 assessment issued under section 407.1.

30 (3) Upon approval of an application, the department

1 shall issue a certificate confirming that the applicant is
2 eligible for a qualified reliable energy tax credit,
3 conditioned on completion of a reliable energy generation
4 facility or reliable energy storage facility that becomes
5 commercially operational and satisfies the requirements of
6 this subarticle. The qualified reliable energy taxpayer shall
7 retain tax credit eligibility, as determined under this
8 section, until the qualified reliable energy taxpayer has
9 received the qualified reliable energy tax credit.

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

11 (1) A qualified reliable energy taxpayer shall complete
12 a form as prescribed by the department verifying that the
13 taxpayer has met the requirements of a qualified reliable
14 energy taxpayer and may claim qualified reliable energy tax
15 credits. The qualified reliable energy taxpayer shall include
16 on the form a calculation of the applicable project index
17 price and verification that electricity produced was below
18 the clean energy emissions threshold. Acceptable forms of
19 verification with respect to the clean energy emissions
20 threshold shall include, but not be limited to, documented
21 inclusion of the type or category of facility in Table 1 of
22 Revenue Procedure 2025-14, published by the Internal Revenue
23 Service in 2025-7 Internal Revenue Bulletin 770-771 or any
24 successor table published in the Internal Revenue Bulletin.

25 (2) The qualified reliable energy taxpayer shall attach
26 the form to the tax return on which the qualified reliable
27 energy taxpayer is claiming to offset a qualified tax
28 liability with qualified reliable energy tax credits.

29 (d) Audit of qualified reliable energy tax credits
30 claimed.--

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

3 (2) If the department denies a qualified reliable energy
4 tax credit, the department shall issue an assessment in the
5 same manner as issued under section 407.1. The assessment may
6 be appealed in the same manner as an assessment issued under
7 section 407.1.

8 (e) Election to be treated as a single facility.--A
9 qualified reliable energy taxpayer who owns and operates
10 multiple co-located energy generating units may make an
11 irrevocable election at the time of application to treat the
12 units for the purposes of this subarticle:

13 (1) as a single facility; or

14 (2) as multiple facilities.

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

16 (a) Year of use.--A qualified reliable energy taxpayer shall
17 claim qualified reliable energy tax credits on the tax return
18 filed in the year immediately following the year in which the
19 reliable energy generation facility or reliable energy storage
20 facility is placed into commercial operation.

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

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

30 Section 1714.1-L. Sale or assignment.

1 (a) Authorization required.--

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) The department shall approve an application for the
7 sale or assignment of a qualified reliable energy tax credit
8 if the applicant has filed each State tax report and return
9 required by law for each applicable taxable year.

10 (b) Approval.--Upon approval by the department of an
11 application under subsection (a), a qualified reliable energy
12 taxpayer that holds a qualified reliable energy tax credit
13 through the end of the calendar year in which the tax credit was
14 received may sell or assign the tax credit, in whole or in part,
15 if the sale is effective by the close of the following calendar
16 year.

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

18 (a) Time.--A purchaser, transferee or assignee under this
19 subarticle shall claim the qualified reliable energy tax credit
20 no later than 12 months following the end of the calendar year
21 in which the purchase, transfer or assignment is made.

22 (b) Amount.--The amount of the qualified reliable energy tax
23 credit that a purchaser, transferee or assignee under this
24 section may use against any one qualified tax liability may not
25 exceed 100% of the qualified tax liability of the purchaser,
26 transferee or assignee for the taxable year.

27 (c) Resale and assignment.--

28 (1) A purchaser under this section may not sell,
29 transfer or assign the purchased qualified reliable energy
30 tax credit.

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

4 (d) Notice.--The purchaser, transferee or assignee under
5 this section shall notify the department of the seller,
6 transferor or assignor of the qualified reliable energy tax
7 credit in compliance with procedures specified by the
8 department.

9 Section 1716.1-L. Pass-through entity.

10 (a) Election.--If a pass-through entity has an unused
11 qualified reliable energy tax credit, the pass-through entity
12 may elect, in writing, according to procedures established by
13 the department, to transfer all or a portion of the tax credit
14 to shareholders, members or partners in proportion to the share
15 of the entity's distributive income to which the shareholders,
16 members or partners are entitled.

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

19 (1) the pass-through entity; and

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

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

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

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

1 Section 1717.1-L. Guidelines and regulations.

2 The department and the Department of Community and Economic
3 Development shall jointly develop written guidelines for the
4 implementation of this subarticle. The guidelines shall be in
5 effect until the department promulgates regulations for the
6 implementation of this subarticle.

7 Section 1718.1-L. Reports to General Assembly.

8 (a) Annual report.--No later than the calendar year after
9 which qualified reliable energy tax credits are first awarded
10 under this subarticle, and each October 1 thereafter up to
11 October 1, 2035, the department shall submit a report on the
12 qualified reliable energy tax credits provided for under this
13 subarticle to the chairperson and minority chairperson of the
14 Appropriations Committee of the Senate, the chairperson and
15 minority chairperson of the Finance Committee of the Senate, the
16 chairperson and minority chairperson of the Appropriations
17 Committee of the House of Representatives and the chairperson
18 and minority chairperson of the Finance Committee of the House
19 of Representatives. The report shall include the names of the
20 qualified reliable energy taxpayers utilizing qualified reliable
21 energy tax credits as of the date of the report and the amount
22 of tax credits approved for, utilized by or sold, transferred or
23 assigned by all qualified reliable energy taxpayers.

24 (b) Five-year report.--On May 1, 2030, and May 1, 2035, the
25 department and the commission shall jointly submit to the
26 Secretary of the Senate and the Chief Clerk of the House of
27 Representatives a report on the effectiveness of this
28 subarticle. The report shall include, to the extent possible,
29 the following information for the preceding five calendar years:

30 (1) The aggregate amount of qualified reliable energy

tax credits granted to all qualified reliable energy taxpayers up to the date of the report.

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

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

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

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

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

(c) Publication.--The reports required by this section shall be a public record as defined under section 102 of the act of February 14, 2008 (P.L.6, No.3), known as the Right-to-Know Law, and shall be posted electronically on the department's publicly accessible Internet website. The reports required under this section may not contain confidential proprietary information as defined in section 102 of the Right-to-Know Law.

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

[SUBARTICLE C

PENNSYLVANIA MILK PROCESSING

Section 1731-L. Definitions.

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

1 context clearly indicates otherwise:

2 "Gallon." A United States liquid gallon equal to a volume of
3 231 cubic inches and equal to 3.785411784 liters or 0.13368
4 cubic feet, where volumetric measurements made at ambient
5 flowing conditions are typically adjusted for composition and to
6 standard conditions using established industry standard
7 practices.

8 "Milk." The lacteal secretion, practically free from
9 colostrum, obtained by the complete milking of one or more
10 healthy cows.

11 "Project facility." A facility located in this Commonwealth
12 which is owned and operated by a qualified taxpayer and which
13 utilizes milk purchased from sources within this Commonwealth
14 and processed by a qualified taxpayer at the project facility.

15 "Qualified taxpayer." A company that satisfies all of the
16 following:

17 (1) Purchases and processes milk produced in this
18 Commonwealth at a project facility in this Commonwealth that
19 has been placed in service on or after the effective date of
20 this section.

21 (2) Has made a capital investment of at least
22 \$500,000,000 in order to construct the project facility and
23 place the project facility into service in this Commonwealth.

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

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

30 (5) Has demonstrated that the new jobs created at the

1 project facility or for work covered by Subarticle F are paid
2 at least the prevailing minimum wage and benefit rates for
3 each craft or classification as determined by the Department
4 of Labor and Industry.

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

9 Section 1732-L. Eligibility.

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

12 (1) The company meets the requirements of a qualified
13 taxpayer.

14 (2) Confirmation that the company has filed all required
15 State tax reports and returns for all applicable taxable
16 years and paid any balance of State tax due as determined by
17 assessment or determination by the department and not under
18 timely appeal.

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

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

24 (b) Application.--

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

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

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

3 (i) information required by the department to
4 document the amount of milk purchased and processed at
5 the project facility;

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

8 (iii) any other information as the department deems
9 appropriate.

10 (c) Review and approval.--

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

13 (2) Upon approval, the department shall issue a
14 certificate stating the amount of tax credit granted for milk
15 purchased and processed at the project facility in the prior
16 calendar year.

17 (d) Availability of tax credits.--

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

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

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

29 (4) The total aggregate amount of tax credits awarded to
30 a qualified taxpayer under this subarticle may not exceed 25%

1 of the capital investment made to construct a project
2 facility and place the project facility into service in this
3 Commonwealth.

4 Section 1734-L. Use of tax credits.

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

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

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 1735-L. Carryover, carryback and refund.

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

20 Section 1736-L. Sale or assignment.

21 (a) Authorization.--If the qualified taxpayer holds a tax
22 credit through the end of the calendar year in which the tax
23 credit was granted, the qualified taxpayer may sell or assign a
24 tax credit, in whole or in part, provided the sale is effective
25 by the close of the following calendar year.

26 (b) Application.--

27 (1) To sell or assign a tax credit, a qualified taxpayer
28 must file an application for the sale or assignment of the
29 tax credit with the department. The application must be on a
30 form required by the department.

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

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

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

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

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

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

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

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

Section 1737-L. Purchasers and assignees.

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

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

1 taxable year.

2 (c) Resale and assignment.--

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

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

7 (d) Notice.--The purchaser or assignee under section 1736-L
8 shall notify the department of the seller or assignor of the tax
9 credit in compliance with procedures specified by the
10 department.

11 Section 1738-L. Pass-through entity.

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

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

20 (1) the pass-through entity; and

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

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

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

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

1 Section 1739-L. (Reserved).

2 Section 1740-L. Guidelines and regulations.

3 The department shall develop written guidelines for the
4 implementation of this subarticle. The guidelines shall be in
5 effect until the department promulgates regulations for the
6 implementation of the provisions of this subarticle.

7 Section 1741-L. Report to General Assembly.

8 (a) Report.--

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

18 (i) The chair and minority chair of the Agriculture
19 and Rural Affairs Committee of the Senate.

20 (ii) The chair and minority chair of the Agriculture
21 and Rural Affairs Committee of the House of
22 Representatives.

23 (iii) The chair and minority chair of the Finance
24 Committee of the Senate.

25 (iv) The chair and minority chair of the Finance
26 Committee of the House of Representatives.

27 (2) In addition to the information required under
28 paragraph (1), the report shall include the following
29 information in a manner that is separated by geographic
30 location within this Commonwealth:

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

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

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

Section 1742-L. Applicability.

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

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

Section 4. Article XVII-L of the act is amended by adding a subarticle to read:

SUBARTICLE C.1

PENNSYLVANIA MILK PROCESSING

Section 1731-L. Definitions.

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

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

"Downstream company." A company that purchases Class I, Class II, Class III or Class IV milk products as defined in the

1 Federal Milk Marketing Order Program produced by a qualified
2 taxpayer.

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

7 "Hundred weight." A unit of weight equal to 100 pounds.

8 "Milk." The lacteal secretion, practically free from
9 colostrum, obtained by the complete milking of one or more
10 healthy cows.

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

15 "Project facility." A facility located in this Commonwealth
16 which is owned and operated by a qualified taxpayer and which
17 utilizes milk purchased from sources within this Commonwealth
18 and processed by a qualified taxpayer at the project facility.

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

21 (1) Purchases and processes milk produced in this
22 Commonwealth into a Class I, Class II, Class III or Class IV
23 milk product as defined by the Federal Milk Marketing Order
24 Program at a project facility in this Commonwealth that has
25 been constructed, expanded or renovated on or after the
26 effective date of this section.

27 (2) Has made a capital investment of at least
28 \$50,000,000 in order to construct, expand or renovate the
29 project facility and place the project facility into service
30 in this Commonwealth or has created a minimum aggregate total

1 of 100 new jobs or permanent jobs.

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

6 (4) Has demonstrated that the new jobs created at the
7 project facility or for work covered by Subarticle F are paid
8 at least the prevailing minimum wage and benefit rates for
9 each craft or classification as determined by the Department
10 of Labor and Industry.

11 (5) Performs the construction work to place a project
12 facility into service subject to the act of March 3, 1978
13 (P.L.6, No.3), known as the Steel Products Procurement Act.
14 Section 1732-L. Eligibility.

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

17 (1) The company meets the requirements of a qualified
18 taxpayer.

19 (2) Confirmation that the company has filed all required
20 State tax reports and returns for all applicable taxable
21 years and paid any balance of State tax due as determined by
22 assessment or determination by the Department of Revenue and
23 not under timely appeal.

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

25 (a) Rate.--The tax credit shall be up to \$2.30 per hundred
26 weight of milk purchased and produced from sources exclusively
27 within this Commonwealth and processed at the project facility
28 by a qualified taxpayer in excess of purchases as of January 1
29 of the year in which an application is made.

30 (a.1) Organic dairy.--Any qualifying use of milk in which at

1 least 80% organic dairy is utilized shall be eligible for an
2 additional \$1.15 per hundred weight of milk in addition to the
3 amount denominated under subsection (a).

4 (b) Application.--

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

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

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

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

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

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

20 (c) Review and approval.--

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

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

27 (d) Availability of tax credits.--

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

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

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

10 Section 1734-L. Use of tax credits.

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

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

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

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

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

26 Section 1736-L. Sale or assignment.

27 (a) Authorization.--If the qualified taxpayer holds a tax
28 credit through the end of the calendar year in which the tax
29 credit was granted, the qualified taxpayer may sell or assign a
30 tax credit, in whole or in part, provided the sale is effective

1 by the close of the following calendar year.

2 (b) Application.--

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

7 (2) To approve an application, the Department of Revenue
8 must:

9 (i) find that the applicant 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 of Revenue and not under timely appeal;
15 and

16 (ii) for a sale or assignment to a company that is
17 not an upstream company or downstream company, receive a
18 certification from the qualified taxpayer that the
19 qualified taxpayer has offered to sell or assign the tax
20 credit:

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

24 (B) to an upstream company or downstream company
25 for a period of 30 days following expiration of the
26 period under clause (A).

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

30 Section 1737-L. Purchasers and assignees.

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

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

9 (c) Resale and assignment.--

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

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

14 (d) Notice.--The purchaser or assignee under section 1736-L
15 shall notify the Department of Revenue of the seller or assignor
16 of the tax credit in compliance with procedures specified by the
17 Department of Revenue.

18 Section 1738-L. Pass-through entity.

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

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

28 (1) the pass-through entity; and

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

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

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

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

9 Section 1739-L. (Reserved).

10 Section 1740-L. Guidelines and regulations.

11 The department, in consultation with the Department of
12 Revenue, shall develop written guidelines for the implementation
13 of this subarticle. The guidelines shall be in effect until the
14 department promulgates regulations for the implementation of the
15 provisions of this subarticle.

16 Section 1741-L. Report to General Assembly.

17 (a) Report.--

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

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

30 (ii) The chair and minority chair of the Finance

1 Committee of the Senate.

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

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

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

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

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

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

21 Section 1742-L. Applicability.

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

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

29 Section 5. Sections 1751-L, 1752-L(b), 1753-L, 1754-L(c) and
30 1762-L of the act are amended to read:

1 Section 1751-L. Definitions.

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

5 "Clean hydrogen." [Hydrogen used in a project which has been
6 determined by the United States Department of Energy to
7 demonstrably aid achievement of the clean hydrogen production
8 standard under section 822 of the Energy Policy Act of 2005
9 (Public Law 109-58, 11 Stat. 594) by mitigating emissions across
10 the supply chain through aggressive carbon capture, by measures
11 to mitigate fugitive methane emissions or by the use of clean
12 electricity or other technologies or practices approved by the
13 United States Department of Energy.] Hydrogen produced through a
14 process that results in a lifecycle greenhouse gas emissions
15 rate of less than 4 kilograms of CO2e per kilogram of hydrogen.

16 "Lifecycle greenhouse gas emissions." As defined under 26
17 CFR §§ 1.45V-1 (relating to credit for production of clean
18 hydrogen), 1.45V-2 (relating to special rules), 1.45V-3
19 (relating to rules relating to the increased credit amount for
20 prevailing wage and apprenticeship), 1.45V-4 (relating to
21 procedures for determining lifecycle greenhouse gas emissions
22 rates for qualified clean hydrogen), 1.45V-5 (relating to
23 procedures for verification of qualified clean hydrogen
24 production and sale or use) and 1.45V-6 (relating to rules for
25 determining the placed in service date for an existing facility
26 that is modified or retrofitted to produce qualified clean
27 hydrogen) as of the effective date of this definition.

28 "Project facility." A facility located in this Commonwealth
29 which is owned by a qualified taxpayer [which is part of a
30 Regional Clean Hydrogen Hub designated by the United States

1 Department of Energy authorized under section 813 of the Energy
2 Policy Act of 2005].

3 "Qualified taxpayer." A company that satisfies all of the
4 following:

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

9 [(2) Has entered into a commitment letter under section
10 1752-L(b) to purchase clean hydrogen from a Regional Clean
11 Hydrogen Hub within this Commonwealth for use in
12 manufacturing at a project facility in this Commonwealth
13 which has been placed in service on or after the effective
14 date of this section.]

15 (2.1) Has entered into a commitment letter under section
16 1752-L(b) to use or purchase clean hydrogen for use in
17 manufacturing, aviation fuel production, heat or energy
18 generation or transportation and logistics at a project
19 facility in this Commonwealth which has been placed in
20 service on or after the effective date of this paragraph.

21 (3) Has made a capital investment of at least
22 [\$500,000,000] \$100,000,000 in order to construct the project
23 facility and place the project facility into service in this
24 Commonwealth.

25 (4) Has created a minimum aggregate total of [1,200] 200
26 new 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 for work covered by Subarticle F are paid
3 at least the prevailing minimum wage and benefit rates for
4 each craft or classification as determined by the Department
5 of Labor and Industry.

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

10 Section 1752-L. Eligibility.

11 * * *

12 (b) Commitment letter.--A company that applies for and
13 receives a tax credit under this subarticle shall enter into a
14 commitment letter with the Department of Community and Economic
15 Development to prescribe the date by which the project facility
16 will begin to use or purchase clean hydrogen [from sources
17 within the Regional Clean Hydrogen Hub in this Commonwealth for
18 use in manufacturing at the project facility.] for use in
19 manufacturing, aviation fuel production, heat and energy
20 generation or transportation and logistics at the project
21 facility from sources within this Commonwealth.

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

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

25 (1) \$0.81 per kilogram of clean hydrogen purchased from
26 a Regional Clean Hydrogen Hub within this Commonwealth and
27 used in manufacturing at the project facility by a qualified
28 taxpayer.

29 (2) \$0.47 per unit of natural gas that is purchased and
30 used in manufacturing at the project facility by a qualified

taxpayer.] The tax credit shall be equal to the following based on the lifecycle greenhouse gas emissions of each kilogram of clean hydrogen used or purchased for use in manufacturing, aviation fuel production, heat and energy generation or transportation and logistics at the project facility by the qualified taxpayer:

Carbon Intensity

(kg of CO2e / kg H2)

Base Credit per kg

2.50kg to 4.00kg

\$0.16

1.50kg to 2.49kg

\$0.20

0.45kg to 1.49kg

\$0.27

Less than 0.45kg

\$0.81

(b) Application.--

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

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

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

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

(ii) information required by the department to document the amount of clean hydrogen to be used or

1 purchased [from sources within the Regional Clean
2 Hydrogen Hub in this Commonwealth] and used in
3 manufacturing [at the project facility;], aviation fuel
4 production, heat and energy generation or transportation
5 and logistics at the project facility from sources
6 located within this Commonwealth;

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

9 (iv) any other information as the department deems
10 appropriate.

11 (c) Review and approval.--

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

14 [(2) Upon approval, the department shall issue a
15 certificate stating the amount of the tax credit granted for
16 natural gas purchased and used in manufacturing at the
17 project facility in the prior calendar year.]

18 (3) Upon approval, the department shall issue a
19 certificate stating the amount of the tax credit granted for
20 clean hydrogen used or purchased [from sources located in a
21 Regional Clean Hydrogen Hub located in this Commonwealth and
22 used in manufacturing at the project facility in the prior
23 calendar year.] for use in manufacturing, aviation fuel
24 production, heat and energy generation or transportation and
25 logistics at the project facility in the prior calendar year
26 from sources located within this Commonwealth.

27 (d) Availability of tax credits.--

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

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

8 (i) two qualified taxpayers which are located east
9 of the Susquehanna River;

10 (ii) two qualified taxpayers which are located west
11 of the Susquehanna River;

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

14 (iv) two qualified taxpayers which may be located
15 anywhere in this Commonwealth.

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

20 (4) The total aggregate amount of tax credits awarded to
21 a qualified taxpayer under this subarticle may not exceed 50%
22 of the capital investment made to construct a project
23 facility and place the project facility into service in this
24 Commonwealth.

25 Section 1754-L. Use of tax credits.

26 * * *

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

1 Section 1762-L. Applicability.

2 This subarticle shall apply to the use or purchase of clean
3 hydrogen from sources located [in a Regional Clean Hydrogen Hub]
4 within this Commonwealth [or natural gas used in manufacturing]
5 at a project facility for the period beginning January 1, [2024]
6 2025, and ending December 31, [2043] 2045.

7 Section 6. The definitions of "qualified taxpayer" and
8 "semiconductor manufacturing" in section 1771-L of the act are
9 amended and the section is amended by adding a definition to
10 read:

11 Section 1771-L. Definitions.

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

15 * * *

16 "Early stage semiconductor business." A business with less
17 than \$10,000,000 in revenue and in the areas of research or
18 design of semiconductor materials, semiconductor devices or
19 semiconductor packing and testing.

20 * * *

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

23 (1) Conducts semiconductor manufacturing, biomedical
24 manufacturing or biomedical research in this Commonwealth at
25 a project facility in this Commonwealth that has been placed
26 in service on or after the effective date of this section.

27 (2) Has made a capital investment of at least
28 [\$200,000,000] \$100,000,000 in order to construct the project
29 facility and place the project facility into service in this
30 Commonwealth.

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

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

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

12 (6) The construction work to place a project facility
13 into service shall be performed subject to the act of March
14 3, 1978 (P.L.6, No.3), known as the Steel Products
15 Procurement Act.

16 "Semiconductor manufacturing." [The manufacture of
17 components or the creation of advanced processes or technology
18 within the semiconductor manufacturing and related equipment and
19 material supplier sector.] Any of the following within the
20 semiconductor manufacturing and related equipment and material
21 supplier sector:

22 (1) The manufacture of components including
23 "semiconductor manufacturing," "semiconductor wafer
24 production," "semiconductor fabrication," "semiconductor
25 packaging," "manufacturing of semiconductors," "manufacturing
26 of semiconductor manufacturing equipment" or "semiconductor
27 manufacturing equipment" in 26 CFR § 1.48D-2 (relating to
28 definitions) as of the effective date of this paragraph.

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

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

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

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

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

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

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

(3) If the applicant is an early-stage semiconductor business, the applicant must have at least \$3,000,000 in research and development investment during the previous three years.

* * *

(d) Availability of tax credits.--

* * *

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

* * *

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

1 in aggregate tax credits in a year.

2 * * *

3 Section 8. Article XVII-L of the act is amended by adding
4 subarticles to read:

5 SUBARTICLE E.1

6 GEOHERMAL ENERGY

7 Section 1785-L. Definitions.

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

11 "Eligible geothermal site." A site that meets one or more of
12 the following criteria:

13 (1) Owned or operated by a municipality, county or
14 Commonwealth agency.

15 (2) Designated as a brownfield site under the act of May
16 19, 1995 (P.L.4, No.2), known as the Land Recycling and
17 Environmental Remediation Standards Act.

18 (3) Located within an environmental justice area as
19 defined by the Department of Environmental Protection.

20 (4) Managed by or conveyed to a land bank under 68
21 Pa.C.S. Ch. 21 (relating to land banks).

22 (5) Owned, managed or permanently protected by a
23 recognized land trust or conservancy.

24 (6) Involves the conversion, repurposing or reclamation
25 of abandoned or orphaned wells.

26 "Project facility." A facility, system or installation
27 located at an eligible geothermal site that produces electricity
28 from geothermal energy sources, including ground-source or
29 enhanced geothermal systems, for primary or supplemental energy
30 production.

1 "Qualified taxpayer." A company that satisfies the
2 following:

3 (1) Operates a project facility at an eligible
4 geothermal site.

5 (2) Has made a capital investment of at least
6 \$25,000,000 in order to construct the project facility and
7 place the geothermal electricity generation project into
8 service in this Commonwealth.

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

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

18 (5) The construction work to place a project facility
19 into service shall be performed subject to the act of March
20 3, 1978 (P.L.6, No.3), known as the Steel Products
21 Procurement Act.

22 Section 1785.1-L. Eligibility.

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

25 (1) The company meets the requirements of a qualified
26 taxpayer.

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

1 timely appeal.

2 Section 1785.2-L. Application and approval of tax credit.

3 (a) Determination of tax credit amount.--A qualified
4 taxpayer shall be eligible for a tax credit of 30% of the
5 capital investment, up to a maximum of \$5,000,000.

6 (b) Application.--

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

9 (2) The application must be submitted to the department
10 by March 1 for the tax credit claimed for geothermal
11 electricity generation conducted by the qualified taxpayer at
12 the project facility during the prior calendar year.

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

15 (i) information required by the department to
16 document the geothermal electricity generation conducted
17 at the project facility;

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

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

22 (c) Review and approval.--

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

25 (2) Upon approval, the department shall issue a
26 certificate stating the amount of the tax credit granted for
27 geothermal electricity generation conducted at the project
28 facility in the prior calendar year.

29 (d) Availability of tax credits.--

30 (1) Each fiscal year, \$40,000,000 in tax credits shall

1 be made available to the department in accordance with this
2 subarticle.

3 (2) The department may issue up to \$40,000,000 in a
4 fiscal year to qualified taxpayers engaged in geothermal
5 electricity generation at a project facility.

6 Section 1785.3-L. Carryover, carryback and refund.

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

9 Section 1785.4-L. Sale or assignment.

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

15 (b) Application.--

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

20 (2) To approve an application, the department must
21 receive:

22 (i) a finding from the department that the applicant
23 has:

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

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

29 (ii) for a sale or assignment to a company that is
30 not an upstream company or downstream company, a

1 certification from the qualified taxpayer that the
2 qualified taxpayer has offered to sell or assign the tax
3 credit:

4 (A) exclusively to a downstream company for a
5 period of 30 days following approval of the tax
6 credit under section 1773-L(c); and

7 (B) to an upstream company or downstream company
8 for a period of 30 days following expiration of the
9 period under clause (A).

10 (c) Approval.--Upon approval by the department, a qualified
11 taxpayer may sell or assign, in whole or in part, a tax credit.
12 Section 1785.5-L. Purchasers and assignees.

13 (a) Time.--The purchaser or assignee under section 1785.4-L
14 must claim the tax credit in the calendar year in which the
15 purchase or assignment is made.

16 (b) Amount.--The amount of the tax credit that a purchaser
17 or assignee under section 1785.4-L may use against any one
18 qualified tax liability may not exceed 50% of any of the
19 qualified tax liabilities of the purchaser or assignee for the
20 taxable year.

21 (c) Resale and assignment.--

22 (1) A purchaser under section 1776-L may not sell or
23 assign the purchased tax credit.

24 (2) An assignee under section 1785.4-L may not sell or
25 assign the assigned tax credit.

26 (d) Notice.--The purchaser or assignee under section 1785.4-
27 L shall notify the department of the seller or assignor of the
28 tax credit in compliance with procedures specified by the
29 department.

30 Section 1785.6-L. Pass-through entity.

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

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

9 (1) the pass-through entity; and

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

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

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

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

20 Section 1785.7-L. Guidelines and regulations.

21 The department shall develop written guidelines for the
22 implementation of this subarticle. The guidelines shall be in
23 effect until the department promulgates regulations for the
24 implementation of this subarticle.

25 Section 1785.8-L. Report to General Assembly.

26 (a) Report.--

27 (1) No later than the year after which tax credits are
28 first awarded under this subarticle, and each October 1
29 thereafter, the department shall submit a report to the
30 General Assembly summarizing the effectiveness of the tax

1 credit. The report shall include the names of all qualified
2 taxpayers utilizing the tax credit as of the date of the
3 report and the amount of tax credits approved for, utilized
4 by or sold or assigned by each qualified taxpayer. The report
5 shall be submitted to the following:

6 (i) The chair and minority chair of the
7 Appropriations Committee of the Senate.

8 (ii) The chair and minority chair of the Finance
9 Committee of the Senate.

10 (iii) The chair and minority chair of the
11 Appropriations Committee of the House of Representatives.

12 (iv) The chair and minority chair of the Finance
13 Committee of the House of Representatives.

14 (2) In addition to the information required under
15 paragraph (1), the report shall include the following
16 information in a manner separated by geographic location
17 within this Commonwealth:

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

20 (ii) The total number of new jobs and permanent jobs
21 created by qualified taxpayers during the fiscal year,
22 including the duration of the jobs.

23 (b) Public information.--Notwithstanding any law providing
24 for the confidentiality of tax records, the information in the
25 report under subsection (a) shall be public information, and all
26 report information shall be posted on the department's publicly
27 accessible Internet website.

28 Section 1785.9-L. Applicability.

29 The tax credit under this subarticle shall apply to
30 geothermal electricity generation at each project facility for a

1 period of 15 years.

2 SUBARTICLE E.2

3 SUSTAINABLE AVIATION FUEL

4 Section 1789.10-L. Duty and standards.

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

10 (b) Standards.--The General Assembly finds and declares as
11 follows:

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

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

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

20 Section 1789.11-L. Definitions.

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

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

25 "Project facility." A facility located in this Commonwealth
26 which is owned by a qualified taxpayer which manufactures
27 sustainable aviation fuel.

28 "Qualified taxpayer." An entity that satisfies all of the
29 following:

30 (1) owns and operates a project facility located within

1 this Commonwealth;

2 (2) has entered into a commitment letter under section
3 1789.12-L(b) to produce sustainable aviation fuel at a
4 project facility in this Commonwealth which has been placed
5 in service on or after the effective date of this paragraph;

6 (3) has made a capital investment of at least
7 \$250,000,000 in order to construct the project facility and
8 place the project facility into service in this Commonwealth;

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

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

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

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

24 "Sustainable aviation fuel." Liquid fuel which complies with
25 all of the following:

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

27 (2) Is not kerosene.

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

1 (4) Meets the requirements of:

2 (i) ASTM International Standard D7566;

3 (ii) the Fischer-Tropsch provisions of ASTM
4 International Standard D1655, Annex A1 adopted by the
5 department; or

6 (iii) a successor standard adopted by the department
7 in a notice published in the Pennsylvania Bulletin to
8 satisfy the standards under section 1789.10-L(b)(1) and
9 (3).

10 Section 1789.12-L. Eligibility.

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

13 (1) The entity meets the requirements of a qualified
14 taxpayer.

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

20 (b) Commitment letter.--An entity that applies for and
21 receives a tax credit under this subarticle shall enter into a
22 commitment letter with the Department of Community and Economic
23 Development to prescribe the date by which the project facility
24 will begin to produce sustainable aviation fuel at the project
25 facility.

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

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

30 (b) Application.--

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

3 (2) The application must be submitted to the department
4 by March 1 for the tax credit claimed for sustainable
5 aviation fuel produced at the project facility during the
6 prior calendar year.

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

9 (i) information required by the department to
10 document the amount of sustainable aviation fuel produced
11 at the project facility;

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

14 (iii) any other information as the department deems
15 appropriate.

16 (c) Review and approval.--

17 (1) The department shall review the applications and
18 shall issue an approval or disapproval by May 1, 2026, and
19 each May 1 thereafter.

20 (2) Upon approval, the department shall issue a
21 certificate stating the amount of the tax credit granted for
22 sustainable aviation fuel produced at the project facility in
23 the prior calendar year.

24 (d) Availability of tax credits.--

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

29 (2) The department shall issue up to \$15,000,000 in a
30 fiscal year to the qualified taxpayers which meet the

1 qualifications to receive a tax credit under this subarticle.

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

7 Section 1789.14-L. Use of tax credits.

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

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

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

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

19 Section 1789.16-L. Sale or assignment.

20 (a) Authorization.--If the qualified taxpayer holds a tax
21 credit through the end of the calendar year in which the tax
22 credit was granted, the qualified taxpayer may sell or assign a
23 tax credit in whole or in part, provided the sale is effective
24 by the close of the following calendar year.

25 (b) Application.--

26 (1) To sell or assign a tax credit, a qualified taxpayer
27 must submit an application for the sale or assignment of the
28 tax credit with the department. The application must be on a
29 form required by the department.

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

1 (i) Find that the applicant has:

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

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

7 (ii) (Reserved).

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

10 Section 1789.17-L. Purchasers and assignees.

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

14 (b) Amount.--The amount of the tax credit that a purchaser
15 or assignee under section 1789.16-L may use against any one
16 qualified tax liability may not exceed 50% of any of the
17 qualified tax liabilities of the purchaser or assignee for the
18 taxable year.

19 (c) Resale and assignment.--

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

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

24 (d) Notice.--The purchaser or assignee under section
25 1789.16-L shall notify the department of the seller or assignor
26 of the tax credit in compliance with procedures specified by the
27 department.

28 Section 1789.18-L. Pass-through entity.

29 (a) Election.--If a pass-through entity has an unused tax
30 credit, the pass-through entity may elect, in writing, according

1 to procedures established by the department, to transfer all or
2 a portion of the tax credit to shareholders, members or partners
3 in proportion to the share of the pass-through entity's
4 distributive income to which the shareholders, members or
5 partners are entitled.

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

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

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

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

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

19 Section 1789.19-L. (Reserved).

20 Section 1789.20-L. Guidelines and regulations.

21 The department shall develop written guidelines for the
22 implementation of this subarticle. The guidelines shall be in
23 effect until the department promulgates regulations for the
24 implementation of the provisions of this subarticle.

25 Section 1789.21-L. Report to General Assembly.

26 (a) Report.--

27 (1) No later than the year after which tax credits are
28 first awarded under this subarticle, and each October 1
29 thereafter, the department shall submit a report to the
30 General Assembly summarizing the effectiveness of the tax

1 credit. The report shall include the names of all qualified
2 taxpayers utilizing the tax credit as of the date of the
3 report and the amount of tax credits approved for, utilized
4 by or sold or assigned by each qualified taxpayer. The report
5 shall be submitted to all of the following:

6 (i) The chair and minority chair of the
7 Appropriations Committee of the Senate.

8 (ii) The chair and minority chair of the
9 Appropriations Committee of the House of Representatives.

10 (iii) The chair and minority chair of the
11 Environmental Resources and Energy Committee of the
12 Senate.

13 (iv) The chair and minority chair of the
14 Environmental Resources and Energy Committee of the House
15 of Representatives.

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

18 (vi) The chair and minority chair of the Finance
19 Committee of the House of Representatives.

20 (2) In addition to the information required under
21 paragraph (1), the report shall include the following
22 information in a manner separated by geographic location
23 within this Commonwealth:

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

26 (ii) The total number of new jobs and permanent jobs
27 created by qualified taxpayers during the fiscal year,
28 including the duration of the jobs.

29 (b) Public information.--Notwithstanding any law providing
30 for the confidentiality of tax records, the information in the

1 report under subsection (a) shall be public information, and all
2 report information shall be posted on the department's publicly
3 accessible Internet website.

4 Section 1789.22-L. Applicability.

5 The tax credit under this subarticle shall apply to the
6 production of sustainable aviation fuel at a project facility
7 for the period beginning January 1, 2028, and ending December
8 31, 2044.

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

10 Section 1791-L. Definitions.

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

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

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

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

- 22 (1) A qualified taxpayer as defined in section 1711-L.
- 23 (2) A qualified taxpayer as defined in section 1731-L.
- 24 (3) A qualified taxpayer as defined in section 1751-L.
- 25 (4) A qualified taxpayer as defined in section 1771-L.
- 26 (5) A project facility as defined in section 1789.11-L.

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