

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 305 Session of 2013

INTRODUCED BY DENLINGER, AUMENT, BAKER, CAUSER, COHEN, CUTLER, EVANKOVICH, GINGRICH, GRELL, GROVE, C. HARRIS, HESS, HICKERNELL, KAUFFMAN, F. KELLER, M. K. KELLER, LONGIETTI, MARSHALL, MATZIE, MICOZZIE, MILLER, MOUL, PICKETT, QUINN, ROCK, SAYLOR, SIMMONS, SWANGER, WATSON, GABLER, PEIFER, MURT, GIBBONS AND JAMES, FEBRUARY 5, 2013

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES, AS AMENDED, APRIL 9, 2013

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," providing for a natural gas corridor tax credit;
11 and imposing penalties.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Article XVIII-C Heading of the act of March 4,
15 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, added
16 July 9, 2008 (P.L.922, No.66), is amended to read:

ARTICLE XVIII-C

[ (RESERVED) ]

NATURAL GAS CORRIDOR TAX CREDIT

20 Section 2. The act is amended by adding sections to read:

1 Section 1801-C. Definitions.

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

5 "Applicant." A company which meets the eligibility  
6 requirements for the tax credit under this article.

7 "Committee." The Natural Gas Corridor Tax Credit Committee.

8 "Company." An entity doing business in this Commonwealth  
9 which is subject to tax under Article III, IV or VI. The term  
10 shall include the shareholder of a Pennsylvania S corporation  
11 that is eligible for the tax credit under this article.

12 "Department." The Department of Revenue COMMUNITY AND <--  
13 ECONOMIC DEVELOPMENT of the Commonwealth.

14 "Eligible corridor." The portions of I-76, I-78, I-79, I-80,  
15 I-81, I-83 and, I-95 AND I-276 within the boundaries of this <--  
16 Commonwealth.

17 "Natural gas corridor tax credit." Tax credits for which the  
18 Department of Revenue has issued a certificate under this  
19 article.

20 "Natural gas fueling station." A facility which dispenses  
21 compressed natural gas or compressed natural gas and liquefied  
22 natural gas to the public for vehicle refueling purposes and  
23 does not include time-fill stations.

24 "Natural gas infrastructure plan." A company's plan to  
25 transition organizational structures needed for the operation of  
26 natural gas fueling stations, by converting existing stations or  
27 purchasing new or used natural gas fueling equipment.

28 ~~"Secretary." The Secretary of Revenue of the Commonwealth.~~ <--

29 "Start date." The date on which the company may begin the  
30 company's infrastructure plan for natural gas fueling stations.

1 Section 1802-C. Eligibility.

2 In order to be eligible to receive a natural gas corridor tax  
3 credit, a company must demonstrate to the department the  
4 following:

5 (1) A comprehensive plan to do any of the following:

6 (i) Build one or more natural gas fueling stations.

7 (ii) Add compressed natural gas fueling capacity to  
8 one or more existing stations which sells gasoline.

9 (iii) A combination of paragraph (1) and (2).

10 (2) The stations must be open to the public.

11 (3) The stations must be located within two miles of an  
12 eligible corridor.

13 Section 1803-C. Application process.

14 (a) Application.--A company must complete and submit to the <--  
15 department a natural gas corridor tax credit application MAY <--  
16 APPLY TO THE DEPARTMENT FOR A NATURAL GAS CORRIDOR TAX CREDIT  
17 UNDER THIS ARTICLE. THE APPLICATION SHALL BE ON THE FORM  
18 REQUIRED BY THE DEPARTMENT AND INCLUDE ALL NECESSARY  
19 DOCUMENTATION TO ESTABLISH ELIGIBILITY AS REQUIRED UNDER SECTION  
20 1802-C.

21 (b) Committee approval process.-- <--

22 (1) The Natural Gas Corridor Tax Credit Committee is  
23 established and shall be made up of members designated by the  
24 following, except that none of the following may be  
25 designees:

26 (i) The Secretary of Community and Economic  
27 Development of the Commonwealth.

28 (ii) The Secretary of Transportation of the  
29 Commonwealth.

30 (iii) The secretary.



1 POLLUTANT ACCORDING TO THE CLEAN AIR ACT (69 STAT. 1, 42  
2 U.S.C. § 7401 ET SEQ.); OR

3 (II) DETERMINED BY THE COMMONWEALTH TO BE AN AMBIENT  
4 AIR QUALITY CONTROL REGION THE EMISSIONS FROM WHICH  
5 ADVERSELY IMPACT A NONATTAINMENT AREA.

6 (3) THE COMMITTEE SHALL MAKE RECOMMENDATIONS TO THE  
7 DEPARTMENT WITH REGARD TO EACH APPLICATION REVIEWED.

8 ~~(e) (D) Approval.--Once applications are ranked by the~~ <--  
9 ~~committee UNDER SUBSECTION (C), the department shall MAY approve~~ <--  
10 ~~the companies' applications according to their discretion and~~  
11 ~~availability of natural gas corridor tax credits. The department~~ <--  
12 ~~and the company APPLICATIONS NOT APPROVED SHALL BE RETURNED TO~~ <--  
13 ~~THE COMMITTEE FOR REVIEW DURING THE NEXT APPLICATION PERIOD.~~

14 (E) CONTRACT.-- THE DEPARTMENT AND THE COMPANY shall execute  
15 a commitment letter CONTRACT containing the following: <--

16 (1) A description of the natural gas fueling  
17 infrastructure plan.

18 (2) The amount of private capital investment in the  
19 natural gas fueling infrastructure plan.

20 (3) A signed statement that the company intends to  
21 complete its natural gas fueling infrastructure plan within  
22 eighteen months.

23 (4) Any other information as the department deems  
24 appropriate.

25 ~~(d) Commitment letter. After a commitment letter has been~~ <--  
26 ~~signed by the Commonwealth and the company, the company shall~~  
27 ~~receive a natural gas corridor tax credit certificate and filing~~  
28 ~~information.~~

29 (F) CERTIFICATE.--UPON EXECUTION OF THE CONTRACT REQUIRED <--  
30 UNDER SUBSECTION (E), THE DEPARTMENT SHALL AWARD THE COMPANY A

1 NATURAL GAS CORRIDOR TAX CREDIT AND ISSUE A NATURAL GAS CORRIDOR  
2 TAX CREDIT CERTIFICATE.

3 Section 1804-C. Natural gas corridor tax credits.

4 (a) Maximum amount.--A company may claim a natural gas  
5 corridor tax credit for up to 50% of the total cost of the  
6 compressed natural gas station or the total cost of adding  
7 compressed natural gas fueling capacity to an existing station  
8 which sells gasoline. For the purposes of this subsection, the  
9 total cost may not exceed \$500,000.

10 (b) Applicable taxes.--A company may apply the natural gas  
11 corridor tax credit to 100% of all or a combination of any of  
12 the following taxes of the company:

13 (1) State corporate net income tax.

14 (2) Capital stock and franchise tax or the capital stock  
15 and franchise tax of a shareholder of the company if the  
16 company is a Pennsylvania S corporation.

17 (3) Gross premiums tax.

18 (4) Gross receipts tax.

19 (5) Bank and trust company shares tax.

20 (6) Mutual thrift institution tax.

21 (7) Title insurance company shares tax.

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

24 (c) Term.--A company may claim the natural gas corridor tax  
25 credit in one year or spread the credit over a period determined  
26 by the department but not to exceed five years from the date the  
27 company first submits a certificate. A COMPANY MAY NOT CARRY <--

28 BACK OR OBTAIN A REFUND OF THE NATURAL GAS CORRIDOR TAX CREDIT.

29 (d) Sale or assignment.--

30 (1) A natural gas corridor tax credit recipient, upon

1 application to and approval by the department, may sell or  
2 assign, in whole or in part, a natural gas corridor tax  
3 credit granted to the recipient if no claim for allowance of  
4 the credit is filed within one year from the date the credit  
5 is granted by the department.

6 (2) The purchaser or assignee of a natural gas corridor  
7 tax credit shall immediately claim the credit in the taxable  
8 year in which the purchase or assignment is made. The  
9 purchaser or assignee may not carry back, obtain a refund of  
10 or sell or assign the natural gas corridor tax credit. The  
11 purchaser or assignee shall notify the department of the  
12 seller or assignor of the natural gas corridor tax credit in  
13 compliance with procedures specified by the department.

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

16 ~~(e) Availability. Each fiscal year, \$5,000,000 in natural~~ <--  
17 ~~gas corridor tax credits shall be made available to the~~  
18 ~~department and may be awarded by the department in accordance~~  
19 ~~with this article.~~

20 ~~(E) LIMITATION.--IN GRANTING NATURAL GAS CORRIDOR TAX CREDIT~~ <--  
21 ~~CERTIFICATES, THE DEPARTMENT:~~

22 (1) MAY NOT GRANT MORE THAN \$5,000,000 NATURAL GAS  
23 CORRIDOR TAX CREDIT CERTIFICATES IN ANY FISCAL YEAR.

24 (2) MAY NOT GRANT MORE THAN \$500,000 NATURAL GAS  
25 CORRIDOR TAX CREDIT CERTIFICATES TO ANY SINGLE COMPANY IN ANY  
26 FISCAL YEAR.

27 Section 1805-C. Penalties.

28 (a) Failure to maintain operations.--A company which  
29 receives natural gas corridor tax credits and fails to operate  
30 the natural gas fueling station for which it received the tax

1 credits for a period of five years from the start date shall  
2 refund to the Commonwealth the total amount of credits granted.

3 (b) Failure to complete the natural gas infrastructure  
4 plan.--A company which receives natural gas corridor tax credits  
5 and fails to complete the natural gas infrastructure plan within  
6 18 months shall refund to the Commonwealth the total amount of  
7 credits granted.

8 (c) Waiver.--The department may waive the penalties under  
9 subsections (a) and (b) if it is determined that a company's  
10 natural gas fueling infrastructure plan was not completed  
11 because of circumstances beyond the company's control.  
12 Circumstances shall include natural disasters, unforeseen  
13 industry trends or a loss of a major supplier or market. The  
14 company must promptly notify the department of circumstances  
15 beyond the company's control which would delay completion of the  
16 project.

17 Section 1806-C. Report to General Assembly.

18 No later than June 1, 2014, and each June 1 thereafter, the  
19 department shall submit a report on the natural gas corridor tax  
20 credits granted under this article. The report shall include the  
21 names of taxpayers who utilized the credit as of the date of the  
22 report and the amount of credits approved. The report may  
23 include recommendations for changes in the calculation or  
24 administration of the natural gas corridor tax credit and other  
25 information as the department deems appropriate. The report  
26 shall be submitted to all of the following:

27 (1) The chairman and minority chairman of the  
28 Appropriations Committee of the Senate.

29 (2) The chairman and minority chairman of the  
30 Appropriations Committee of the House of Representatives.



1           (3) The chairman and minority chairman of the Finance  
2           Committee of the Senate.

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

5 Section 1807-C. Time limitations.

6           A company shall not be entitled to a natural gas corridor tax  
7           credit for taxable years ending after December 31, 2018.

8 Section 1808-C. ~~Regulations~~ GUIDELINES.

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9           ~~The secretary shall promulgate regulations~~ DEPARTMENT, IN  
10 CONJUNCTION WITH THE DEPARTMENT OF REVENUE, SHALL PROMULGATE  
11 GUIDELINES necessary for the implementation and administration  
12 of this article.

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13           Section 3. This act shall take effect in 60 days.