

HB 2565 -- Redline

Printer's No. PN3616 to Printer's No. PN3792 -- An Act amending the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, in Pennsylvania Economic Development for a Growing Economy (PA EDGE) Tax Credits, repealing provisions relating to local resource manufacturing and for Pennsylvania Milk Processing and providing for Reliable Energy Investment Tax Credit and for Pennsylvania Milk Processing; in Regional Clean Hydrogen Hubs, further providing for definitions, for eligibility, for application and approval of tax credit, for use of tax credits and for applicability; in semiconductor manufacturing and biomedical manufacturing and research, further providing for definitions and for application and approval of tax credit and providing for sustainable aviation fuel; and, in application of Prevailing Wage Act, further providing for definitions.

Deletions ~~struck~~ · Insertions underlined

PRIOR PRINTER'S NO.

3616 ~~THE PRINTER'S GENERAL NO. ASSEMBLY OF PENNSYLVANIA HOUSE BILL Session of No.~~

~~25653792 2024 THE INTRODUCED GENERAL BY ASSEMBLY SAMUELSON, OF McNEILL, PENNSYLVANIA SCHLOSSBERG, HOUSE
PIELLI, BILL WEBSTER, Session KHAN, HILL-EVANS AND SANCHEZ, SEPTEMBER 17, 2024 REFERRED TO COMMITTEE ON
FINANCE, SEPTEMBER 17, 2024 AN ACT Amending the act of March No. 4, 1971 (P.L.6, No.2), entitled "An act
relating to tax reform and State taxation by codifying and enumerating certain subjects of taxation and
imposing taxes thereon;~~

providing 2565 procedures 2024 FOR INTRODUCED BY SAMUELSON, McNEILL, SCHLOSSBERG, PIELLI, WEBSTER, KHAN,
HILL-EVANS, SANCHEZ, FRIEL, JAMES, CEPEDA-FREYITZ, DALEY, KENYATTA AND MERSKI, SEPTEMBER 17, 2024 AS
AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, OCTOBER 22, 2024 AN ACT Amending the
payment, act for of March 4, 1971 (P.L.6, No.2), entitled "An <-- act relating to tax credits reform in and
State taxation by codifying and enumerating certain cases; subjects of taxation and imposing taxes
thereon;

~~conferring providing powers procedures and viding for imposing duties upon the Department payment,
of collection, Revenue, administration certain employers, fiduciaries, individuals, persons, corporations
and other enforcement entities; thereof;~~

~~prescribing providing crimes, offenses and penalties," in Pennsylvania Economic Development for a Growing
Economy (PA EDGE) tax credits relating in to certain semiconductor cases; manufacturing and biomedical
manufacturing and research, further providing for definitions, for eligibility, for application and
approval of credits and for sale or assignment.~~

conferring powers and imposing duties upon the Department of Revenue, certain employers, fiduciaries,
individuals, persons, corporations and other entities;

prescribing crimes, offenses and penalties," in Pennsylvania Economic Development for a Growing Economy
(PA EDGE) tax credits relating to research, further providing for definitions, for eligibility, for
application and approval of credits and for sale or assignment.

AMENDING THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), ENTITLED "AN <-- ACT RELATING TO TAX REFORM AND STATE
TAXATION BY CODIFYING AND ENUMERATING CERTAIN SUBJECTS OF TAXATION AND IMPOSING TAXES THEREON;

PROVIDING PROCEDURES FOR THE PAYMENT, COLLECTION, ADMINISTRATION AND ENFORCEMENT THEREOF;

PROVIDING FOR TAX CREDITS IN CERTAIN CASES;

CONFERRING POWERS AND IMPOSING DUTIES UPON THE DEPARTMENT OF REVENUE, CERTAIN EMPLOYERS, FIDUCIARIES,
INDIVIDUALS, PERSONS, CORPORATIONS AND OTHER ENTITIES;

PRESCRIBING CRIMES, OFFENSES AND PENALTIES," IN PENNSYLVANIA ECONOMIC DEVELOPMENT FOR A GROWING ECONOMY
(PA EDGE) TAX CREDITS, REPEALING PROVISIONS RELATING TO LOCAL RESOURCE MANUFACTURING AND FOR
PENNSYLVANIA MILK PROCESSING AND PROVIDING FOR RELIABLE ENERGY INVESTMENT TAX CREDIT AND FOR
PENNSYLVANIA MILK PROCESSING;

IN REGIONAL CLEAN HYDROGEN HUBS, FURTHER PROVIDING FOR DEFINITIONS, FOR ELIGIBILITY, FOR APPLICATION AND
APPROVAL OF TAX CREDIT, FOR USE OF TAX CREDITS AND FOR APPLICABILITY;

IN SEMICONDUCTOR MANUFACTURING AND BIOMEDICAL MANUFACTURING AND RESEARCH, FURTHER PROVIDING FOR
DEFINITIONS AND FOR APPLICATION AND APPROVAL OF TAX CREDIT AND PROVIDING FOR SUSTAINABLE AVIATION FUEL;
AND, IN APPLICATION OF PREVAILING WAGE ACT, FURTHER PROVIDING FOR DEFINITIONS.

The definitions of "project facility," "qualified <-- taxpayer" and "semiconductor manufacturing" in section 1771-L of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, are amended and the section is amended by adding a definition to read:

(1) Conducts semiconductor manufacturing, biomedical manufacturing or biomedical research in this Commonwealth at a project facility in this Commonwealth that has been placed 20240HB2565PN3792 - 2 - in service on or after the effective date of this section.

(5) Has demonstrated that the new jobs created at the project facility or for work covered by Subarticle F are paid ~~20240HB2565PN3616 - 2 -~~ at least the prevailing minimum wage and benefit rates for each craft or classification as determined by the Department of Labor and Industry.

20240HB2565PN3792 - 3 - (iii) Has created or retained a minimum aggregate total of 100 permanent jobs.

~~20240HB2565PN3616 - 3 -~~ (vi) The construction work to place a project facility into service is subject to the act of March 3, 1978 (P.L.6, No.3), known as the Steel Products Procurement Act.

20240HB2565PN3792 - 4 - Section 2.

~~20240HB2565PN3616 - 4 -~~ (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 year.

(2) The application must be submitted to the department by March 1 for the tax credit claimed for semiconductor manufacturing, biomedical manufacturing or biomedical 20240HB2565PN3792 - 5 - research conducted by the qualified taxpayer at [the] a project facility during the prior calendar year.

~~20240HB2565PN3616 - 5 -~~ (c) Review and approval.-- (1) The department shall review the applications and shall issue an approval or disapproval by May 1.

The department may not issue more than \$8,000,000 in 20240HB2565PN3792 - 6 - aggregate tax credits in a year under this paragraph.

An early-stage semiconductor business may not receive more than \$1,000,000 in any fiscal year and the ~~20240HB2565PN3616 - 6 -~~ award may be for up to five years.

20240HB2565PN3792 - 7 - * * * Section 3.

~~20240HB2565PN3616~~ SECTION ~~-1. -7 -~~

SUBARTICLES B AND C OF ARTICLE XVII-L OF THE ACT <-- OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971, ARE 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.

Sec. 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 20240HB2565PN3792 - 8 - 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 PLACE THE PROJECT FACILITY INTO SERVICE IN THIS COMMONWEALTH.

(3) HAS CREATED A MINIMUM AGGREGATE TOTAL OF 800 NEW JOBS AND PERMANENT JOBS.

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

(5) HAS DEMONSTRATED THAT THE NEW JOBS CREATED AT THE PROJECT FACILITY OR FOR WORK COVERED BY SUBARTICLE F ARE PAID AT LEAST THE PREVAILING MINIMUM WAGE AND BENEFIT RATES FOR EACH CRAFT OR CLASSIFICATION AS DETERMINED BY THE DEPARTMENT OF LABOR AND INDUSTRY.

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

SECTION 1712-L.

ELIGIBILITY.

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

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

(2) THE USE OF CARBON CAPTURE AND SEQUESTRATION TECHNOLOGY, OR SIMILAR TECHNOLOGIES, AT THE PROJECT FACILITY TO THE EXTENT IT IS COST EFFECTIVE AND FEASIBLE AT THE DISCRETION OF THE QUALIFIED TAXPAYER.

20240HB2565PN3792 - 9 - (3) CONFIRMATION THAT THE COMPANY HAS FILED ALL REQUIRED STATE TAX REPORTS AND RETURNS FOR ALL APPLICABLE TAXABLE YEARS AND PAID ANY BALANCE OF STATE TAX DUE AS DETERMINED BY ASSESSMENT OR DETERMINATION BY THE DEPARTMENT AND NOT UNDER TIMELY APPEAL.

SECTION 1713-L.

APPLICATION AND APPROVAL OF TAX CREDIT.

(A) RATE.--THE TAX CREDIT SHALL BE EQUAL TO \$0.47 PER UNIT OF DRY NATURAL GAS THAT IS PURCHASED AND USED IN THE MANUFACTURING OF PETROCHEMICALS OR FERTILIZERS AT THE PROJECT FACILITY BY A QUALIFIED TAXPAYER.

(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 DRY NATURAL GAS PURCHASED AND USED IN MANUFACTURING OF PETROCHEMICALS OR FERTILIZERS BY THE QUALIFIED TAXPAYER AT THE PROJECT FACILITY DURING THE PRIOR CALENDAR YEAR.

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

(I) INFORMATION REQUIRED BY THE DEPARTMENT TO DOCUMENT THE AMOUNT OF DRY NATURAL GAS PURCHASED AND USED IN THE MANUFACTURE OF PETROCHEMICALS OR FERTILIZERS AT THE PROJECT FACILITY;

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

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

(C) REVIEW AND APPROVAL.-- (1) THE DEPARTMENT SHALL REVIEW THE APPLICATIONS AND 20240HB2565PN3792 - 10 - SHALL ISSUE AN APPROVAL OR DISAPPROVAL BY MAY 1.

(2) UPON APPROVAL, THE DEPARTMENT SHALL ISSUE A CERTIFICATE STATING THE AMOUNT OF TAX CREDIT GRANTED FOR DRY NATURAL GAS PURCHASED AND USED IN THE MANUFACTURE OF PETROCHEMICALS OR FERTILIZERS AT THE PROJECT FACILITY IN THE PRIOR CALENDAR YEAR.

(D) AVAILABILITY OF TAX CREDITS.-- (1) EACH FISCAL YEAR, \$56,666,668 IN TAX CREDITS SHALL BE MADE AVAILABLE TO THE DEPARTMENT IN ACCORDANCE WITH THIS SUBARTICLE.

(2) NO MORE THAN TWO QUALIFIED TAXPAYERS SHALL RECEIVE A TAX CREDIT ANNUALLY, FOR A MAXIMUM CREDIT OF \$6,666,667 EACH.

(3) THE DEPARTMENT SHALL ISSUE UNALLOCATED TAX CREDITS TO NO MORE THAN ONE QUALIFIED TAXPAYER, NOTWITHSTANDING THE MAXIMUM CREDIT LIMIT UNDER PARAGRAPH (2), IF THE QUALIFIED TAXPAYER:

(I) HAS MADE A TOTAL CAPITAL INVESTMENT OF AT LEAST \$1,000,000,000 IN ORDER TO CONSTRUCT THE PROJECT FACILITY AND PLACE THE PROJECT FACILITY INTO SERVICE IN THIS COMMONWEALTH;

(II) HAS CREATED A MINIMUM AGGREGATE TOTAL OF 1,800 NEW JOBS AND PERMANENT JOBS;

AND (III) HAS SATISFIED ALL OTHER ELIGIBILITY REQUIREMENTS FOR A QUALIFIED TAXPAYER UNDER THIS SUBARTICLE.

(4) FOR PURPOSES OF PARAGRAPH (3), THE TERM "UNALLOCATED TAX CREDITS" MEANS THE DIFFERENCE BETWEEN TAX CREDITS AUTHORIZED UNDER PARAGRAPH (1) AND APPROVED UNDER PARAGRAPH (2).

SECTION 1714-L.

USE OF TAX CREDITS.

20240HB2565PN3792 - 11 - (A) INITIAL USE.--PRIOR TO SALE OR ASSIGNMENT OF A TAX CREDIT UNDER SECTION 1716-L, A QUALIFIED TAXPAYER MUST FIRST USE A TAX CREDIT AGAINST THE QUALIFIED TAX LIABILITY INCURRED IN THE TAXABLE YEAR FOR WHICH THE TAX CREDIT WAS APPROVED.

(B) ELIGIBILITY.--THE TAX CREDIT MAY BE APPLIED AGAINST UP TO 20% OF THE QUALIFIED TAXPAYER'S QUALIFIED TAX LIABILITIES INCURRED IN THE TAXABLE YEAR FOR WHICH THE TAX CREDIT WAS APPROVED.

(C) LIMIT.--A QUALIFIED TAXPAYER THAT HAS BEEN GRANTED A TAX CREDIT UNDER THIS SUBARTICLE SHALL BE INELIGIBLE FOR ANY OTHER TAX CREDIT PROVIDED UNDER THIS ACT.

SECTION 1715-L.

CARRYOVER, CARRYBACK AND REFUND.

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

SECTION 1716-L.

SALE OR ASSIGNMENT.

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

(B) APPLICATION.-- (1) TO SELL OR ASSIGN A TAX CREDIT, A QUALIFIED TAXPAYER MUST FILE AN APPLICATION FOR THE SALE OR ASSIGNMENT OF THE TAX CREDIT WITH THE DEPARTMENT.

THE APPLICATION MUST BE ON A 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 20240HB2565PN3792 - 12 - 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 1713-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 1717-L.

PURCHASERS AND ASSIGNEES.

(A) TIME.--THE PURCHASER OR ASSIGNEE UNDER SECTION 1716-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 1716-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 TAXABLE YEAR.

(C) RESALE AND ASSIGNMENT.-- (1) A PURCHASER UNDER SECTION 1716-L MAY NOT SELL OR ASSIGN THE PURCHASED TAX CREDIT.

(2) AN ASSIGNEE UNDER SECTION 1716-L MAY NOT SELL OR 20240HB2565PN3792 - 13 - ASSIGN THE ASSIGNED TAX CREDIT.

(D) NOTICE.--THE PURCHASER OR ASSIGNEE UNDER SECTION 1716-L SHALL NOTIFY THE DEPARTMENT OF THE SELLER OR ASSIGNOR OF THE TAX CREDIT IN COMPLIANCE WITH PROCEDURES SPECIFIED BY THE DEPARTMENT.

SECTION 1718-L.

PASS-THROUGH ENTITY.

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

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

(1) THE PASS-THROUGH ENTITY;

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

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

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

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

SECTION 1719-L.

(RESERVED).

SECTION 1720-L.

ADMINISTRATION.

(A) AUDITS AND ASSESSMENTS.-- (1) THE DEPARTMENT MAY AUDIT A TAXPAYER AWARDED A TAX CREDIT TO ASCERTAIN THE VALIDITY OF THE AMOUNT AWARDED.

20240HB2565PN3792 - 14 - (2) THE DEPARTMENT MAY ISSUE AN ASSESSMENT AGAINST A TAXPAYER FOR AN IMPROPERLY ISSUED TAX CREDIT.

THE PROCEDURES, COLLECTION, ENFORCEMENT AND APPEALS OF AN ASSESSMENT MADE UNDER THIS SECTION SHALL BE GOVERNED BY ARTICLE II.

(B) GUIDELINES AND REGULATIONS.--THE DEPARTMENT SHALL DEVELOP WRITTEN GUIDELINES FOR THE IMPLEMENTATION OF THIS SUBARTICLE.

THE GUIDELINES SHALL BE IN EFFECT UNTIL THE DEPARTMENT PROMULGATES REGULATIONS FOR THE IMPLEMENTATION OF THE PROVISIONS OF THIS SUBARTICLE.

SECTION 1721-L.

REPORTS TO GENERAL ASSEMBLY.

(A) ANNUAL REPORT.--NO LATER THAN THE YEAR AFTER WHICH TAX CREDITS ARE FIRST AWARDED UNDER THIS SUBARTICLE, AND EACH OCTOBER 1 THEREAFTER, THE DEPARTMENT SHALL SUBMIT A REPORT ON THE TAX CREDIT PROVIDED UNDER THIS SUBARTICLE TO THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE APPROPRIATIONS COMMITTEE OF THE SENATE, THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES, THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE FINANCE COMMITTEE OF THE SENATE AND THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE FINANCE COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

THE REPORT MUST INCLUDE THE NAMES OF THE QUALIFIED TAXPAYERS UTILIZING THE TAX CREDIT AS OF THE DATE OF THE REPORT AND THE AMOUNT OF TAX CREDITS APPROVED FOR, UTILIZED BY OR SOLD OR ASSIGNED BY A QUALIFIED

TAXPAYER.

(B) RECONCILIATION REPORT.--ON MAY 1 OF THE YEAR WHICH IS 10 YEARS AFTER THE YEAR IN WHICH TAX CREDITS ARE FIRST AWARDED UNDER THIS SUBARTICLE, THE DEPARTMENT SHALL SUBMIT TO THE SECRETARY OF THE SENATE AND THE CHIEF CLERK OF THE HOUSE OF REPRESENTATIVES A RECONCILIATION REPORT ON THE EFFECTIVENESS OF THIS SUBARTICLE.

THE REPORT SHALL INCLUDE, TO THE EXTENT 20240HB2565PN3792 - 15 - POSSIBLE, THE FOLLOWING INFORMATION FOR THE PRECEDING 10 YEARS:

(1) THE NAME AND BUSINESS ADDRESS OF ALL QUALIFIED TAXPAYERS WHO HAVE BEEN GRANTED TAX CREDITS UNDER THIS SUBARTICLE.

(2) THE AMOUNT OF TAX CREDITS GRANTED TO EACH QUALIFIED TAXPAYER.

(3) THE TOTAL NUMBER OF JOBS CREATED BY THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY AND ANY COMPANIES THAT PROVIDE GOODS, UTILITIES OR OTHER SERVICES THAT SUPPORT THE BUSINESS OPERATIONS OF THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY.

THIS PARAGRAPH INCLUDES THE AVERAGE ANNUAL SALARY AND HOURLY WAGE INFORMATION.

(4) THE AMOUNT OF TAXES PAID UNDER ARTICLE II BY THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY AND ANY COMPANIES THAT PROVIDE GOODS, UTILITIES OR OTHER SERVICES THAT SUPPORT THE BUSINESS OPERATIONS OF THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY.

(5) THE AMOUNT OF TAXES WITHHELD FROM EMPLOYEES OR PAID BY MEMBERS, PARTNERS OR SHAREHOLDERS OF THE PASS-THROUGH ENTITIES UNDER ARTICLE III OF THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY AND ANY COMPANIES THAT PROVIDE GOODS, UTILITIES OR OTHER SERVICES THAT SUPPORT THE BUSINESS OPERATIONS OF THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY.

(6) THE AMOUNT OF TAXES PAID UNDER ARTICLE IV BY THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY AND ANY COMPANIES THAT PROVIDE GOODS, UTILITIES OR OTHER SERVICES THAT SUPPORT THE BUSINESS OPERATIONS OF THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY.

20240HB2565PN3792 - 16 - (7) THE AMOUNT OF TAXES PAID UNDER ARTICLE XI BY THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY AND ANY COMPANIES THAT PROVIDE GOODS, UTILITIES OR OTHER SERVICES THAT SUPPORT THE BUSINESS OPERATIONS OF THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY.

(8) THE AMOUNT OF ANY OTHER STATE OR LOCAL TAXES PAID BY THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY AND ANY COMPANIES THAT PROVIDE GOODS, UTILITIES OR OTHER SERVICES THAT SUPPORT THE BUSINESS OPERATIONS OF THE QUALIFIED TAXPAYER, UPSTREAM COMPANY AND DOWNSTREAM COMPANY.

(9) ANY OTHER INFORMATION PERTAINING TO THE ECONOMIC IMPACT OF THIS SUBARTICLE ON THIS COMMONWEALTH.

(C) REDUCTION.--IF THE RECONCILIATION REPORT ISSUED UNDER SUBSECTION (B) REVEALS THAT THE TOTAL AMOUNT OF THE TAX CREDITS GRANTED UNDER THIS SUBARTICLE EXCEEDS THE TOTAL AMOUNT OF TAX REVENUE REPORTED UNDER SUBSECTION (B)(4), (5), (6), (7), (8) AND (9), THE REPORT MUST INCLUDE ANY RECOMMENDATION FOR CHANGES IN THE CALCULATION OF THE CREDIT.

(D) 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 AVAILABLE ELECTRONICALLY ON THE PUBLICLY ACCESSIBLE INTERNET WEBSITE OF THE DEPARTMENT.

THE REPORTS REQUIRED UNDER THIS SECTION MAY NOT CONTAIN "CONFIDENTIAL PROPRIETARY INFORMATION" AS DEFINED IN SECTION 102 OF THE RIGHT-TO-KNOW LAW.

SECTION 1722-L.

APPLICABILITY.

THIS SUBARTICLE SHALL APPLY TO THE PURCHASE OF DRY NATURAL GAS PRODUCED IN THIS COMMONWEALTH FOR THE PERIOD BEGINNING JANUARY 1, 2024, AND ENDING DECEMBER 31, 2049.

SECTION 1723-L.

EXPIRATION.

20240HB2565PN3792 - 17 - THIS SUBARTICLE SHALL EXPIRE DECEMBER 31, 2050.

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 CONTEXT CLEARLY INDICATES OTHERWISE:

"GALLON." A UNITED STATES LIQUID GALLON EQUAL TO A VOLUME OF 231 CUBIC INCHES AND EQUAL TO 3.785411784 LITERS OR 0.13368 CUBIC FEET, WHERE VOLUMETRIC MEASUREMENTS MADE AT AMBIENT FLOWING CONDITIONS ARE TYPICALLY ADJUSTED FOR COMPOSITION AND TO STANDARD CONDITIONS USING ESTABLISHED INDUSTRY STANDARD PRACTICES.

"MILK." THE LACTEAL SECRETION, PRACTICALLY FREE FROM COLOSTRUM, OBTAINED BY THE COMPLETE MILKING OF ONE OR MORE HEALTHY COWS.

"PROJECT FACILITY." A FACILITY LOCATED IN THIS COMMONWEALTH WHICH IS OWNED AND OPERATED BY A QUALIFIED TAXPAYER AND WHICH UTILIZES MILK PURCHASED FROM SOURCES WITHIN THIS COMMONWEALTH AND PROCESSED BY A

QUALIFIED TAXPAYER AT THE PROJECT FACILITY.

"QUALIFIED TAXPAYER." A COMPANY THAT SATISFIES ALL OF THE FOLLOWING:

(1) PURCHASES AND PROCESSES MILK PRODUCED IN THIS COMMONWEALTH 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 \$500,000,000 IN ORDER TO CONSTRUCT THE PROJECT FACILITY AND PLACE THE PROJECT FACILITY INTO SERVICE IN THIS COMMONWEALTH.

(3) HAS CREATED A MINIMUM AGGREGATE TOTAL OF 1,200 NEW 20240HB2565PN3792 - 18 - JOBS AND PERMANENT JOBS.

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

(5) HAS DEMONSTRATED THAT THE NEW JOBS CREATED AT THE PROJECT FACILITY OR FOR WORK COVERED BY SUBARTICLE F ARE PAID AT LEAST THE PREVAILING MINIMUM WAGE AND BENEFIT RATES FOR EACH CRAFT OR CLASSIFICATION AS DETERMINED BY THE DEPARTMENT OF LABOR AND INDUSTRY.

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

SECTION 1732-L.

ELIGIBILITY.

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

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

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

SECTION 1733-L.

APPLICATION AND APPROVAL OF TAX CREDIT.

(A) RATE.--THE TAX CREDIT SHALL BE EQUAL TO \$0.05 PER GALLON OF MILK PURCHASED AND PRODUCED FROM SOURCES EXCLUSIVELY WITHIN THIS COMMONWEALTH AND PROCESSED AT THE PROJECT FACILITY BY A QUALIFIED TAXPAYER.

(B) APPLICATION.-- 20240HB2565PN3792 - 19 - (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 MILK PURCHASED AND PROCESSED BY THE QUALIFIED TAXPAYER AT THE PROJECT FACILITY DURING THE PRIOR CALENDAR YEAR.

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

(I) INFORMATION REQUIRED BY THE DEPARTMENT TO DOCUMENT THE AMOUNT OF MILK PURCHASED AND PROCESSED AT THE PROJECT FACILITY;

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

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

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

(2) UPON APPROVAL, THE DEPARTMENT SHALL ISSUE A CERTIFICATE STATING THE AMOUNT OF TAX CREDIT GRANTED FOR MILK PURCHASED AND PROCESSED AT THE PROJECT FACILITY IN THE PRIOR CALENDAR YEAR.

(D) AVAILABILITY OF TAX CREDITS.-- (1) EACH FISCAL YEAR, \$15,000,000 IN TAX CREDITS SHALL BE MADE AVAILABLE TO THE DEPARTMENT IN ACCORDANCE WITH THIS SUBARTICLE.

(2) THE DEPARTMENT SHALL ISSUE UP TO \$15,000,000 IN TAX CREDITS IN A FISCAL YEAR TO THE QUALIFIED TAXPAYER WHICH FIRST MEETS THE QUALIFICATIONS TO RECEIVE A TAX CREDIT UNDER THIS SUBARTICLE.

20240HB2565PN3792 - 20 - (3) AN AMOUNT UNDER PARAGRAPH (1) WHICH REMAINS UNALLOCATED UNDER PARAGRAPH (2) SHALL BE ISSUED TO THE QUALIFIED TAXPAYER WHICH NEXT MEETS THE QUALIFICATIONS TO RECEIVE A TAX CREDIT UNDER THIS SUBARTICLE.

(4) THE TOTAL AGGREGATE AMOUNT OF TAX CREDITS AWARDED TO A QUALIFIED TAXPAYER UNDER THIS SUBARTICLE MAY NOT EXCEED 25% OF THE CAPITAL INVESTMENT MADE TO CONSTRUCT A PROJECT FACILITY AND PLACE THE PROJECT FACILITY INTO SERVICE IN THIS COMMONWEALTH.

SECTION 1734-L.

USE OF TAX CREDITS.

(A) INITIAL USE.--PRIOR TO SALE OR ASSIGNMENT OF A TAX CREDIT UNDER SECTION 1736-L, A QUALIFIED TAXPAYER MUST FIRST USE A TAX CREDIT AGAINST THE QUALIFIED TAX LIABILITY INCURRED IN THE TAXABLE YEAR FOR WHICH THE TAX CREDIT WAS APPROVED.

(B) ELIGIBILITY.--THE TAX CREDIT MAY BE APPLIED AGAINST UP TO 20% OF A QUALIFIED TAXPAYER'S QUALIFIED TAX LIABILITIES INCURRED IN THE TAXABLE YEAR FOR WHICH THE TAX CREDIT WAS APPROVED.

(C) LIMIT.--A QUALIFIED TAXPAYER THAT HAS BEEN GRANTED A TAX CREDIT UNDER THIS SUBARTICLE SHALL BE INELIGIBLE FOR ANY OTHER TAX CREDIT PROVIDED UNDER THIS ACT OR A TAX BENEFIT AS DEFINED IN SECTION 1701-

A.1.

SECTION 1735-L.

CARRYOVER, CARRYBACK AND REFUND.

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

SECTION 1736-L.

SALE OR ASSIGNMENT.

(A) AUTHORIZATION.--IF THE QUALIFIED TAXPAYER HOLDS A TAX CREDIT THROUGH THE END OF THE CALENDAR YEAR IN WHICH THE TAX CREDIT WAS GRANTED, THE QUALIFIED TAXPAYER MAY SELL OR ASSIGN A TAX CREDIT, IN WHOLE OR IN PART, PROVIDED THE SALE IS EFFECTIVE 20240HB2565PN3792 - 21 - BY THE CLOSE OF THE FOLLOWING CALENDAR YEAR.

(B) APPLICATION.-- (1) TO SELL OR ASSIGN A TAX CREDIT, A QUALIFIED TAXPAYER MUST FILE AN APPLICATION FOR THE SALE OR ASSIGNMENT OF THE TAX CREDIT WITH THE DEPARTMENT.

THE APPLICATION MUST BE ON A 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 20240HB2565PN3792 - 22 - 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 TAXABLE YEAR.

(C) RESALE AND ASSIGNMENT.-- (1) A PURCHASER UNDER SECTION 1736-L MAY NOT SELL OR ASSIGN THE PURCHASED TAX CREDIT.

(2) AN ASSIGNEE UNDER SECTION 1736-L MAY NOT SELL OR ASSIGN THE ASSIGNED TAX CREDIT.

(D) NOTICE.--THE PURCHASER OR ASSIGNEE UNDER SECTION 1736-L SHALL NOTIFY THE DEPARTMENT OF THE SELLER OR ASSIGNOR OF THE TAX CREDIT IN COMPLIANCE WITH PROCEDURES SPECIFIED BY THE DEPARTMENT.

SECTION 1738-L.

PASS-THROUGH ENTITY.

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

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

(1) THE PASS-THROUGH ENTITY;

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

(C) AMOUNT.--THE AMOUNT OF THE TAX CREDIT THAT A TRANSFEREE UNDER SUBSECTION (A) MAY USE AGAINST ANY ONE QUALIFIED TAX 20240HB2565PN3792 - 23 - LIABILITY MAY NOT EXCEED 20% OF ANY QUALIFIED TAX LIABILITIES FOR THE TAXABLE YEAR.

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

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

SECTION 1739-L.

(RESERVED).

SECTION 1740-L.

GUIDELINES AND REGULATIONS.

THE DEPARTMENT SHALL DEVELOP WRITTEN GUIDELINES FOR THE IMPLEMENTATION OF THIS SUBARTICLE.

THE GUIDELINES SHALL BE IN EFFECT UNTIL THE DEPARTMENT PROMULGATES REGULATIONS FOR THE IMPLEMENTATION OF THE PROVISIONS OF THIS SUBARTICLE.

SECTION 1741-L.

REPORT TO GENERAL ASSEMBLY.

(A) REPORT.-- (1) NO LATER THAN THE YEAR AFTER WHICH TAX CREDITS ARE FIRST AWARDED UNDER THIS SUBARTICLE, AND EACH OCTOBER 1 THEREAFTER, THE DEPARTMENT SHALL SUBMIT A REPORT TO THE GENERAL ASSEMBLY SUMMARIZING THE EFFECTIVENESS OF THE TAX CREDIT.

THE REPORT SHALL INCLUDE THE NAMES OF ALL QUALIFIED TAXPAYERS UTILIZING THE TAX CREDIT AS OF THE DATE OF THE REPORT AND THE AMOUNT OF TAX CREDITS APPROVED FOR, UTILIZED BY OR SOLD OR ASSIGNED BY EACH QUALIFIED TAXPAYER.

THE REPORT SHALL BE SUBMITTED TO THE FOLLOWING:

(I) THE CHAIR AND MINORITY CHAIR OF THE AGRICULTURE AND RURAL AFFAIRS COMMITTEE OF THE SENATE.

(II) THE CHAIR AND MINORITY CHAIR OF THE AGRICULTURE AND RURAL AFFAIRS COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

(III) THE CHAIR AND MINORITY CHAIR OF THE FINANCE COMMITTEE OF THE SENATE.

20240HB2565PN3792 - 24 - (IV) THE CHAIR AND MINORITY CHAIR OF THE FINANCE COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

(2) IN ADDITION TO THE INFORMATION REQUIRED UNDER PARAGRAPH (1), THE REPORT SHALL INCLUDE THE FOLLOWING INFORMATION IN A MANNER THAT IS SEPARATED BY GEOGRAPHIC 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 2.

ARTICLE XVII-L OF THE ACT IS AMENDED BY ADDING SUBARTICLES TO READ:

SUBARTICLE B.1 RELIABLE ENERGY INVESTMENT TAX CREDIT SECTION 1711.1-L.

DEFINITIONS.

THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS SUBARTICLE 20240HB2565PN3792 - 25 - SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

"AFFILIATE." AN ENTITY OR DISREGARDED ENTITY FOR FEDERAL INCOME TAX PURPOSES AS DEFINED IN 26 CFR 1.1502-77(B)(2) AND (3) (III) (RELATING TO AGENT FOR THE GROUP), THAT IS INCLUDED IN THE FILING OF A FEDERAL CONSOLIDATED INCOME TAX RETURN OF AN AFFILIATED GROUP AS THE TERM IS DEFINED IN 26 U.S.C.

Sec. 1504(A) (1) (RELATING TO DEFINITIONS).

"CAPITAL INVESTMENT." THE AMOUNT OF MONEY SPENT AND RECORDED IN CAPITAL ACCOUNTS BY A TAXPAYER IN THE DEVELOPMENT, RESTART, EXPANSION OR MODIFICATION OF A RELIABLE ENERGY PROJECT FACILITY, INCLUDING DIRECT AND INDIRECT COSTS, UP TO THE COMMERCIAL OPERATION DATE OF THE RELIABLE CLEAN ENERGY PROJECT FACILITY, AS REFLECTED IN THE TAXPAYER'S BOOKS OF ACCOUNT CONSISTENT WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

THE TERM SHALL NOT INCLUDE MONEY SPENT AFTER A RELIABLE CLEAN ENERGY PROJECT FACILITY ACHIEVES COMMERCIAL OPERATION.

"CLEAN ENERGY." ELECTRIC ENERGY GENERATION THAT EMITS CARBON DIOXIDE EMISSIONS OF LESS THAN 100 POUNDS PER MEGAWATT-HOUR.

"CLEAN ENERGY EMISSIONS THRESHOLD." ONE HUNDRED POUNDS OF CARBON DIOXIDE PER MEGAWATT-HOUR OF ELECTRICITY GENERATED.

"COMMERCIAL OPERATION." THE CONDITION OF A RELIABLE ENERGY PROJECT FACILITY WHEN THE FACILITY HAS SATISFIED APPLICABLE TESTING AND IS GENERATING ELECTRIC POWER TO EARN REVENUE ON A REASONABLY CONTINUOUS BASIS.

"COMMERCIAL OPERATION DATE." THE DATE ON WHICH COMMERCIAL OPERATION OF A RELIABLE ENERGY PROJECT FACILITY COMMENCES.

"COMMISSION." THE PENNSYLVANIA PUBLIC UTILITY COMMISSION OR A SUCCESSOR AGENCY.

"COMPANY." A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, LIMITED LIABILITY PARTNERSHIP, BUSINESS TRUST, UNINCORPORATED JOINT VENTURE OR OTHER BUSINESS ENTITY DOING BUSINESS WITHIN THIS COMMONWEALTH.

"DEPARTMENT." THE DEPARTMENT OF REVENUE OF THE COMMONWEALTH.

"ELECTRIC DISTRIBUTION COMPANY." AS DEFINED IN 66 PA.C.S.

Sec. 2803 (RELATING TO DEFINITIONS).

"FULL-TIME EQUIVALENT JOB." A UNIT OF MEASUREMENT THAT REPRESENTS THE NUMBER OF FULL-TIME HOURS A COMPANY'S EMPLOYEES WORK DETERMINED AS THE QUOTIENT OBTAINED BY DIVIDING THE TOTAL NUMBER OF HOURS FOR WHICH EMPLOYEES WERE COMPENSATED FOR EMPLOYMENT OVER THE PRECEDING 12-MONTH PERIOD BY 2,080.

"MAXIMUM FACILITY OUTPUT." THE MAXIMUM NET ELECTRICAL POWER OUTPUT IN MEGAWATTS, AFTER SUPPLY OF ANY PARASITIC OR HOST FACILITY LOADS, THAT A RELIABLE ENERGY PROJECT FACILITY IS EXPECTED TO PRODUCE.

FOR AN EXPANSION OR MODIFICATION OF AN EXISTING FACILITY, ONLY THE INCREMENTAL CLEAN ENERGY OUTPUT THAT RESULTS FROM THE EXPANSION OR MODIFICATION SHALL BE CONSIDERED.

THE TERM DOES NOT INCLUDE NOMINAL ELECTRICAL POWER OUTPUT.

"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, AS DETERMINED BY PJM INTERCONNECTION, LLC, AT THE PJM PRICING NODE NEAREST TO THE RELIABLE ENERGY PROJECT FACILITY FOR EACH HOUR OF THE THREE 20240HB2565PN3792 - 27 - YEARS PRIOR TO THE COMMERCIAL OPERATION DATE.

"QUALIFIED RELIABLE ENERGY TAX CREDIT." A TAX CREDIT GRANTED UNDER THIS ARTICLE.

"QUALIFIED RELIABLE ENERGY TAX CREDIT RATE." ONE HUNDRED PERCENT, UNLESS THE PROJECT INDEX PRICE IS GREATER THAN \$65 PER MEGAWATT-HOUR, 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 \$65 PER MEGAWATT-HOUR, TO A MINIMUM OF TEN PERCENT.

"QUALIFIED RELIABLE ENERGY TAXPAYER." THE FOLLOWING APPLY:

(1) A COMPANY THAT:

(I) HAS MADE A CAPITAL INVESTMENT TO CONSTRUCT OR RESTARTS A RELIABLE ENERGY PROJECT FACILITY;

(II) OWNS AND OPERATES A RELIABLE ENERGY PROJECT FACILITY;

AND (III) OTHERWISE SATISFIES THE REQUIREMENTS OF THIS ARTICLE.

(2) THE TERM INCLUDES ALL AFFILIATES OF THE COMPANY.

"QUALIFIED TAX LIABILITY." THE LIABILITY OF THE QUALIFIED RELIABLE ENERGY TAXPAYER AND AFFILIATES FOR TAXES IMPOSED UNDER ARTICLES III, IV, VII, VIII, IX, XI AND XV.

THE TERM DOES NOT INCLUDE TAX WITHHELD UNDER SECTION 316.1.

"RELIABLE ENERGY." A RELIABLE ENERGY PROJECT FACILITY PRODUCES RELIABLE ENERGY IF THE FACILITY IS PROJECTED TO GENERATE AND DELIVER TO THE DISTRIBUTION SYSTEM OF AN ELECTRIC DISTRIBUTION COMPANY OR TO THE TRANSMISSION SYSTEM OPERATED BY A REGIONAL TRANSMISSION ORGANIZATION AN AMOUNT OF CLEAN ENERGY IN EACH FULL OPERATING YEAR THAT IS GREATER THAN THE PRODUCT OF 70% OF ITS MAXIMUM FACILITY OUTPUT, MULTIPLIED BY 8,760 HOURS.

"RELIABLE ENERGY PROJECT FACILITY." A NEW ELECTRIC 20240HB2565PN3792 - 28 - GENERATING FACILITY OR AN EXPANSION OR MODIFICATION OF AN ELECTRIC GENERATING FACILITY LOCATED IN THIS COMMONWEALTH THAT:

(1) IS OWNED BY A QUALIFIED RELIABLE ENERGY TAXPAYER.

(2) REQUIRED A CAPITAL INVESTMENT OF AT LEAST \$250,000,000 TO PLACE INTO COMMERCIAL OPERATION.

(3) REQUIRED AT LEAST 1,000,000 WORK HOURS TO PLACE INTO COMMERCIAL OPERATION.

(4) PRODUCES RELIABLE ENERGY.

(5) HAS A MAXIMUM FACILITY OUTPUT OF AT LEAST 100 MEGAWATTS, OR FOR AN EXPANSION OR MODIFICATION OF AN ELECTRIC GENERATING FACILITY LOCATED IN THIS COMMONWEALTH, AN ADDITIONAL MAXIMUM FACILITY OUTPUT OF AT LEAST 100 MEGAWATTS.

(6) DELIVERS THE ELECTRICITY IT GENERATES TO A DISTRIBUTION SYSTEM OF AN ELECTRIC DISTRIBUTION COMPANY OR A TRANSMISSION SYSTEM OPERATED BY A REGIONAL TRANSMISSION ORGANIZATION.

"WORK HOUR." ONE HOUR OF COMPENSATION DURING THE CONSTRUCTION OR RESTARTING OF A RELIABLE ENERGY PROJECT 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 MAXIMUM OF \$100,000,000.

(3) QUALIFIED RELIABLE ENERGY TAX CREDITS SHALL CONTINUE 20240HB2565PN3792 - 29 - TO BE MADE AVAILABLE BY THE DEPARTMENT UNABATED ANNUALLY FROM THE PERIOD BEGINNING JANUARY 1, 2025, AND ENDING DECEMBER 31, 2032.

A RELIABLE ENERGY PROJECT FACILITY THAT HAS COMMENCED CONSTRUCTION PRIOR TO DECEMBER 31, 2035, SHALL BE ELIGIBLE FOR QUALIFIED RELIABLE ENERGY TAX CREDITS.

(B) APPLICATION.-- (1) AN APPLICANT FOR A QUALIFIED RELIABLE ENERGY TAX CREDIT SHALL COMPLETE A FORM AS PRESCRIBED BY THE DEPARTMENT THAT SHALL INCLUDE:

(I) A DESCRIPTION OF THE RELIABLE ENERGY PROJECT FACILITY.

(II) VERIFICATION THAT THE TAXPAYER MADE A CAPITAL INVESTMENT GREATER THAN \$100,000,000.

(III) AN ESTIMATE OF THE TOTAL CAPITAL INVESTMENT THAT WILL BE MADE.

(IV) THE EXPECTED COMMERCIAL OPERATION DATE OF THE RELIABLE ENERGY PROJECT FACILITY.

(1.1) IF THE APPLICANT DEEMS THE FORM UNDER PARAGRAPH (1) TO CONTAIN CONFIDENTIAL PROPRIETARY INFORMATION, THE FORM MAY BE SUBMITTED ON A CONFIDENTIAL BASIS, SHALL BE TREATED AND MAINTAINED BY THE DEPARTMENT AS CONFIDENTIAL PROPRIETARY INFORMATION AND IS EXEMPT FROM ACCESS UNDER THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE RIGHT-TO-KNOW LAW.

(2) THE DEPARTMENT SHALL REVIEW APPLICATIONS SUBMITTED AND ISSUE A WRITTEN APPROVAL OR DISAPPROVAL, STATING THE REASONS FOR THE DEPARTMENT'S DECISION, WITHIN 60 DAYS OF THE APPLICATION'S SUBMISSION.

THE DEPARTMENT'S DECISION ON THE APPLICATION MAY BE APPEALED IN THE SAME MANNER AS AN ASSESSMENT ISSUED UNDER SECTION 407.1.

20240HB2565PN3792 - 30 - (3) UPON APPROVAL OF AN APPLICATION, THE DEPARTMENT SHALL ISSUE A CERTIFICATE CONFIRMING THAT THE APPLICANT IS ELIGIBLE FOR A QUALIFIED RELIABLE ENERGY TAX CREDIT, CONDITIONED ON COMPLETION OF A RELIABLE ENERGY PROJECT FACILITY THAT BECOMES COMMERCIALY OPERATIONAL AND SATISFIES THE REQUIREMENTS OF THIS SUBARTICLE.

THE QUALIFIED RELIABLE ENERGY TAXPAYER SHALL RETAIN TAX CREDIT ELIGIBILITY, AS DETERMINED UNDER THIS SECTION, UNTIL THE QUALIFIED RELIABLE ENERGY TAXPAYER HAS RECEIVED THE QUALIFIED RELIABLE ENERGY TAX CREDIT.

(C) CLAIMING QUALIFIED RELIABLE ENERGY TAX CREDITS.-- (1) A QUALIFIED RELIABLE ENERGY TAXPAYER SHALL COMPLETE A FORM AS PRESCRIBED BY THE DEPARTMENT VERIFYING THAT THE TAXPAYER HAS MET THE REQUIREMENTS OF A QUALIFIED RELIABLE ENERGY TAXPAYER AND MAY CLAIM QUALIFIED RELIABLE ENERGY TAX CREDITS.

THE QUALIFIED RELIABLE ENERGY TAXPAYER SHALL INCLUDE ON THE FORM A CALCULATION OF THE APPLICABLE PROJECT INDEX PRICE AND VERIFICATION THAT ELECTRICITY PRODUCED WAS BELOW THE CLEAN ENERGY EMISSIONS THRESHOLD.

(2) THE QUALIFIED RELIABLE ENERGY TAXPAYER SHALL ATTACH THE FORM TO THE TAX RETURN ON WHICH THE QUALIFIED RELIABLE ENERGY TAXPAYER IS CLAIMING TO OFFSET A QUALIFIED TAX LIABILITY WITH QUALIFIED RELIABLE ENERGY TAX CREDITS.

(D) AUDIT OF QUALIFIED RELIABLE ENERGY TAX CREDITS CLAIMED.-- (1) THE DEPARTMENT SHALL HAVE THE RIGHT TO AUDIT ALL QUALIFIED RELIABLE ENERGY TAX CREDITS CLAIMED.

(2) IF THE DEPARTMENT DENIES A QUALIFIED RELIABLE ENERGY TAX CREDIT, THE DEPARTMENT SHALL ISSUE AN ASSESSMENT IN THE SAME MANNER AS ISSUED UNDER SECTION 407.1.

THE ASSESSMENT MAY 20240HB2565PN3792 - 31 - BE APPEALED IN THE SAME MANNER AS AN ASSESSMENT ISSUED UNDER SECTION 407.1.

SECTION 1713.1-L.

YEAR OF USE AND CARRYOVER.

(A) YEAR OF USE.--A QUALIFIED RELIABLE ENERGY TAXPAYER SHALL CLAIM QUALIFIED RELIABLE ENERGY TAX CREDITS ON THE TAX RETURN FILED IN THE YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH THE RELIABLE ENERGY PROJECT FACILITY IS PLACED INTO COMMERCIAL OPERATION.

(B) USE.--A QUALIFIED RELIABLE ENERGY TAXPAYER MAY UTILIZE UP TO ONE-THIRD OF THE QUALIFIED RELIABLE ENERGY TAX CREDITS IN THE TAXABLE YEAR IN WHICH THE CREDITS ARE RECEIVED AND UP TO THE SAME AMOUNT IN EACH SUBSEQUENT TAXABLE YEAR.

(C) CARRYOVER.--A QUALIFIED RELIABLE ENERGY TAX CREDIT NOT FULLY UTILIZED IN THE TAXABLE YEAR IN WHICH THE TAX CREDIT WAS RECEIVED MAY BE CARRIED FORWARD FOR NOT MORE THAN 10 CONSECUTIVE TAXABLE YEARS BUT SHALL NOT BE CARRIED BACK OR BE USED TO OBTAIN A TAX REFUND.

SECTION 1714.1-L.

SALE OR ASSIGNMENT.

(A) AUTHORIZATION REQUIRED.-- (1) TO SELL OR ASSIGN A TAX CREDIT, A QUALIFIED TAXPAYER MUST FILE AN APPLICATION FOR THE SALE OR ASSIGNMENT OF THE TAX CREDIT WITH THE DEPARTMENT.

THE APPLICATION MUST BE ON A FORM REQUIRED BY THE DEPARTMENT.

(2) THE DEPARTMENT SHALL APPROVE AN APPLICATION FOR THE SALE OR ASSIGNMENT OF A QUALIFIED RELIABLE

ENERGY TAX CREDIT IF THE APPLICANT HAS FILED EACH STATE TAX REPORT AND RETURN REQUIRED BY LAW FOR EACH APPLICABLE TAXABLE YEAR.

(B) APPROVAL.--UPON APPROVAL BY THE DEPARTMENT OF AN APPLICATION UNDER SUBSECTION (A), A QUALIFIED RELIABLE ENERGY TAXPAYER THAT HOLDS A QUALIFIED RELIABLE ENERGY TAX CREDIT 20240HB2565PN3792 - 32 - THROUGH THE END OF THE CALENDAR YEAR IN WHICH THE TAX CREDIT WAS RECEIVED MAY SELL OR ASSIGN THE TAX CREDIT, IN WHOLE OR IN PART, IF THE SALE IS EFFECTIVE BY THE CLOSE OF THE FOLLOWING CALENDAR YEAR.

SECTION 1715.1-L.

PURCHASERS, TRANSFEREES AND ASSIGNEES.

(A) TIME.--A PURCHASER, TRANSFEREE OR ASSIGNEE UNDER THIS SUBARTICLE SHALL CLAIM THE QUALIFIED RELIABLE ENERGY TAX CREDIT NOT LATER THAN 12 MONTHS FOLLOWING THE END OF THE CALENDAR YEAR IN WHICH THE PURCHASE, TRANSFER OR ASSIGNMENT IS MADE.

(B) AMOUNT.--THE AMOUNT OF THE QUALIFIED RELIABLE ENERGY TAX CREDIT THAT A PURCHASER, TRANSFEREE OR ASSIGNEE UNDER THIS SECTION MAY USE AGAINST ANY ONE QUALIFIED TAX LIABILITY MAY NOT EXCEED 100% OF THE QUALIFIED TAX LIABILITY OF THE PURCHASER, TRANSFEREE OR ASSIGNEE FOR THE TAXABLE YEAR.

(C) RESALE AND ASSIGNMENT.-- (1) A PURCHASER UNDER THIS SECTION MAY NOT SELL, TRANSFER OR ASSIGN THE PURCHASED QUALIFIED RELIABLE ENERGY TAX CREDIT.

(2) AN ASSIGNEE OR TRANSFEREE UNDER THIS SECTION MAY NOT SELL, TRANSFER OR ASSIGN THE ASSIGNED OR TRANSFERRED QUALIFIED RELIABLE ENERGY TAX CREDIT.

(D) NOTICE.--THE PURCHASER, TRANSFEREE OR ASSIGNEE UNDER THIS SECTION SHALL NOTIFY THE DEPARTMENT OF THE SELLER, TRANSFEROR OR ASSIGNOR OF THE QUALIFIED RELIABLE ENERGY TAX CREDIT IN COMPLIANCE WITH PROCEDURES SPECIFIED BY THE DEPARTMENT.

SECTION 1716.1-L.

PASS-THROUGH ENTITY.

(A) ELECTION.--IF A PASS-THROUGH ENTITY HAS AN UNUSED QUALIFIED RELIABLE ENERGY TAX CREDIT, THE PASS-THROUGH ENTITY MAY ELECT, IN WRITING, ACCORDING TO PROCEDURES ESTABLISHED BY 20240HB2565PN3792 - 33 - THE DEPARTMENT, TO TRANSFER ALL OR A PORTION OF THE TAX CREDIT TO SHAREHOLDERS, MEMBERS OR PARTNERS IN PROPORTION TO THE SHARE OF THE ENTITY'S DISTRIBUTIVE INCOME TO WHICH THE SHAREHOLDERS, MEMBERS OR PARTNERS ARE ENTITLED.

(B) LIMITATION.--THE SAME UNUSED QUALIFIED RELIABLE ENERGY TAX CREDIT UNDER SUBSECTION (A) MAY NOT BE CLAIMED BY BOTH:

(1) THE PASS-THROUGH ENTITY;

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

(C) AMOUNT.--THE AMOUNT OF THE QUALIFIED RELIABLE ENERGY TAX CREDIT THAT A TRANSFEREE UNDER SUBSECTION (A) MAY USE AGAINST ANY ONE QUALIFIED TAX LIABILITY MAY NOT EXCEED 100% OF THE QUALIFIED TAX LIABILITIES FOR THE TAXABLE YEAR.

(D) TIME.--A TRANSFEREE UNDER SUBSECTION (A) MUST CLAIM THE QUALIFIED RELIABLE ENERGY TAX CREDIT NOT LATER THAN 12 MONTHS FOLLOWING THE CALENDAR YEAR IN WHICH THE TRANSFER IS MADE.

(E) SALE AND ASSIGNMENT.--A TRANSFEREE UNDER SUBSECTION (A) MAY SELL OR ASSIGN THE QUALIFIED RELIABLE ENERGY TAX CREDIT.

SECTION 1717.1-L.

GUIDELINES AND REGULATIONS.

THE DEPARTMENT AND THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT SHALL JOINTLY DEVELOP WRITTEN GUIDELINES FOR THE IMPLEMENTATION OF THIS SUBARTICLE.

THE GUIDELINES SHALL BE IN EFFECT UNTIL THE DEPARTMENT PROMULGATES REGULATIONS FOR THE IMPLEMENTATION OF THIS SUBARTICLE.

SECTION 1718.1-L.

REPORTS TO GENERAL ASSEMBLY.

(A) ANNUAL REPORT.--NO LATER THAN THE CALENDAR YEAR AFTER WHICH QUALIFIED RELIABLE ENERGY TAX CREDITS ARE FIRST AWARDED UNDER THIS SUBARTICLE, AND EACH OCTOBER 1 THEREAFTER UP TO OCTOBER 1, 2035, THE DEPARTMENT SHALL SUBMIT A REPORT ON THE QUALIFIED RELIABLE ENERGY TAX CREDITS PROVIDED FOR UNDER THIS 20240HB2565PN3792 - 34 - SUBARTICLE TO THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE APPROPRIATIONS COMMITTEE OF THE SENATE, THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE FINANCE COMMITTEE OF THE SENATE, THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES AND THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE FINANCE COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

THE REPORT SHALL INCLUDE THE NAMES OF THE QUALIFIED RELIABLE ENERGY TAXPAYERS UTILIZING QUALIFIED RELIABLE ENERGY TAX CREDITS AS OF THE DATE OF THE REPORT AND THE AMOUNT OF TAX CREDITS APPROVED FOR, UTILIZED BY OR SOLD, TRANSFERRED OR ASSIGNED BY ALL QUALIFIED RELIABLE ENERGY TAXPAYERS.

(B) FIVE-YEAR REPORT.--ON MAY 1, 2030, AND MAY 1, 2035, THE DEPARTMENT AND THE COMMISSION SHALL JOINTLY SUBMIT TO THE SECRETARY OF THE SENATE AND THE CHIEF CLERK OF THE HOUSE OF REPRESENTATIVES A REPORT ON

THE EFFECTIVENESS OF THIS SUBARTICLE.

THE REPORT SHALL INCLUDE, TO THE EXTENT POSSIBLE, THE FOLLOWING INFORMATION FOR THE PRECEDING FIVE CALENDAR YEARS:

(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 20240HB2565PN3792 - 35 - PROMOTE INCREASED USE OF QUALIFIED RELIABLE ENERGY TAX CREDITS.

(6) ANY OTHER INFORMATION PERTAINING TO THE ECONOMIC IMPACT OF THIS ARTICLE 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.

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 FEDERAL MILK MARKETING ORDER PROGRAM PRODUCED BY A QUALIFIED TAXPAYER.

"FEDERAL MILK MARKETING ORDER PROGRAM." THE FEDERAL MILK MARKETING ORDER PROGRAM ESTABLISHED UNDER 7 U.S.C.

Sec. 608C (RELATING TO ORDERS) UNDER THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937 (PUBLIC LAW 75-137, 50 STAT. 246).

"GALLON." A UNITED STATES LIQUID GALLON EQUAL TO A VOLUME OF 231 CUBIC INCHES AND EQUAL TO 3.785411784 LITERS OR 0.13368 CUBIC FEET, WHERE VOLUMETRIC MEASUREMENTS MADE AT AMBIENT 20240HB2565PN3792 - 36 - FLOWING CONDITIONS ARE TYPICALLY ADJUSTED FOR COMPOSITION AND TO STANDARD CONDITIONS USING ESTABLISHED INDUSTRY STANDARD PRACTICES.

"MILK." THE LACTEAL SECRETION, PRACTICALLY FREE FROM COLOSTRUM, OBTAINED BY THE COMPLETE MILKING OF ONE OR MORE HEALTHY COWS.

"ORGANIC DAIRY." THE PRODUCT OF A FARM OR PROCESSING OPERATION THAT IN WHOLE OR IN PART HAS BEEN CERTIFIED AS ORGANIC OR IN TRANSITION TO ORGANIC BY A THIRD PARTY ACCREDITED BY THE UNITED STATES DEPARTMENT OF AGRICULTURE.

"PROJECT FACILITY." A FACILITY LOCATED IN THIS COMMONWEALTH WHICH IS OWNED AND OPERATED BY A QUALIFIED TAXPAYER AND WHICH UTILIZES MILK PURCHASED FROM SOURCES WITHIN THIS COMMONWEALTH AND PROCESSED BY A QUALIFIED TAXPAYER AT THE PROJECT FACILITY.

"QUALIFIED TAXPAYER." A COMPANY THAT SATISFIES ALL OF THE FOLLOWING:

(1) PURCHASES AND PROCESSES MILK PRODUCED IN THIS COMMONWEALTH INTO A CLASS I, CLASS II, CLASS III OR CLASS IV MILK PRODUCT AS DEFINED BY THE FEDERAL MILK MARKETING ORDER PROGRAM 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 \$50,000,000 IN ORDER TO CONSTRUCT THE PROJECT FACILITY AND PLACE THE PROJECT FACILITY INTO SERVICE IN THIS COMMONWEALTH OR HAS CREATED A MINIMUM AGGREGATE TOTAL OF 100 NEW JOBS AND PERMANENT JOBS.

(3) HAS MADE GOOD FAITH EFFORTS TO RECRUIT AND EMPLOY, AND TO ENCOURAGE CONTRACTORS OR SUBCONTRACTORS TO RECRUIT AND EMPLOY, WORKERS FROM THE LOCAL LABOR MARKET FOR EMPLOYMENT 20240HB2565PN3792 - 37 - DURING THE CONSTRUCTION OF THE PROJECT FACILITY.

(4) HAS DEMONSTRATED THAT THE NEW JOBS CREATED AT THE PROJECT FACILITY OR FOR WORK COVERED BY SUBARTICLE F ARE PAID AT LEAST THE PREVAILING MINIMUM WAGE AND BENEFIT RATES FOR EACH CRAFT OR CLASSIFICATION AS DETERMINED BY THE DEPARTMENT OF LABOR AND INDUSTRY.

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

SECTION 1732-L.

ELIGIBILITY.

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

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

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

SECTION 1733-L.

APPLICATION AND APPROVAL OF TAX CREDIT.

(A) RATE.--THE TAX CREDIT SHALL BE \$0.20 PER GALLON OF MILK PURCHASED AND PRODUCED FROM SOURCES EXCLUSIVELY WITHIN THIS COMMONWEALTH AND PROCESSED AT THE PROJECT FACILITY BY A QUALIFIED TAXPAYER.

(A.1) ORGANIC DAIRY.--ANY QUALIFYING USE OF MILK IN WHICH AT LEAST 80% ORGANIC DAIRY IS UTILIZED SHALL BE ELIGIBLE FOR AN ADDITIONAL \$.10 PER GALLON OF MILK IN ADDITION TO THE AMOUNT DENOMINATED UNDER SUBSECTION (A).

(B) APPLICATION.-- (1) A QUALIFIED TAXPAYER MAY APPLY TO THE DEPARTMENT FOR 20240HB2565PN3792 - 38 - A TAX CREDIT UNDER THIS SECTION.

(2) THE APPLICATION MUST BE SUBMITTED TO THE DEPARTMENT BY MARCH 1 FOR THE TAX CREDIT CLAIMED FOR MILK PURCHASED AND PROCESSED BY THE QUALIFIED TAXPAYER AT THE PROJECT FACILITY DURING THE PRIOR CALENDAR YEAR.

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

(I) INFORMATION REQUIRED BY THE DEPARTMENT TO DOCUMENT THE AMOUNT OF MILK PURCHASED AND PROCESSED AT THE PROJECT FACILITY;

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

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

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

(2) UPON APPROVAL, THE DEPARTMENT SHALL ISSUE A CERTIFICATE STATING THE AMOUNT OF TAX CREDIT GRANTED FOR MILK PURCHASED AND PROCESSED AT THE PROJECT FACILITY IN THE PRIOR CALENDAR YEAR.

(D) AVAILABILITY OF TAX CREDITS.-- (1) EACH FISCAL YEAR, \$15,000,000 IN TAX CREDITS SHALL BE MADE AVAILABLE TO THE DEPARTMENT IN ACCORDANCE WITH THIS SUBARTICLE.

(2) THE DEPARTMENT SHALL ISSUE UP TO \$15,000,000 IN TAX CREDITS IN A FISCAL YEAR TO THE QUALIFIED TAXPAYER WHICH FIRST MEETS THE QUALIFICATIONS TO RECEIVE A TAX CREDIT UNDER THIS SUBARTICLE.

(3) AN AMOUNT UNDER PARAGRAPH (1) WHICH REMAINS 20240HB2565PN3792 - 39 - UNALLOCATED UNDER PARAGRAPH (2) SHALL BE ISSUED TO THE QUALIFIED TAXPAYER WHICH NEXT MEETS THE QUALIFICATIONS TO RECEIVE A TAX CREDIT UNDER THIS SUBARTICLE.

(4) THE TOTAL AGGREGATE AMOUNT OF TAX CREDITS AWARDED TO A QUALIFIED TAXPAYER UNDER THIS SUBARTICLE MAY NOT EXCEED 25% OF THE CAPITAL INVESTMENT MADE TO CONSTRUCT A PROJECT FACILITY AND PLACE THE PROJECT FACILITY INTO SERVICE IN THIS COMMONWEALTH.

SECTION 1734-L.

USE OF TAX CREDITS.

(A) INITIAL USE.--PRIOR TO SALE OR ASSIGNMENT OF A TAX CREDIT UNDER SECTION 1736-L, A QUALIFIED TAXPAYER MUST FIRST USE A TAX CREDIT AGAINST THE QUALIFIED TAX LIABILITY INCURRED IN THE TAXABLE YEAR FOR WHICH THE TAX CREDIT WAS APPROVED.

(B) ELIGIBILITY.--THE TAX CREDIT MAY BE APPLIED AGAINST UP TO 20% OF A QUALIFIED TAXPAYER'S QUALIFIED TAX LIABILITIES INCURRED IN THE TAXABLE YEAR FOR WHICH THE TAX CREDIT WAS APPROVED.

(C) LIMIT.--A QUALIFIED TAXPAYER THAT HAS BEEN GRANTED A TAX CREDIT UNDER THIS SUBARTICLE SHALL BE INELIGIBLE FOR ANY OTHER TAX CREDIT PROVIDED UNDER THIS ACT OR A TAX BENEFIT AS DEFINED IN SECTION 1701-A.1.

SECTION 1735-L.

CARRYOVER, CARRYBACK AND REFUND.

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

SECTION 1736-L.

SALE OR ASSIGNMENT.

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

20240HB2565PN3792 - 40 - (B) APPLICATION.-- (1) TO SELL OR ASSIGN A TAX CREDIT, A QUALIFIED TAXPAYER MUST FILE AN APPLICATION FOR THE SALE OR ASSIGNMENT OF THE TAX CREDIT WITH THE DEPARTMENT OF REVENUE. THE APPLICATION MUST BE ON A FORM REQUIRED BY THE DEPARTMENT OF REVENUE.

(2) TO APPROVE AN APPLICATION, THE DEPARTMENT OF REVENUE MUST:

(I) FIND 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 OF REVENUE AND NOT UNDER TIMELY APPEAL;

AND (II) FOR A SALE OR ASSIGNMENT TO A COMPANY THAT IS NOT AN UPSTREAM COMPANY OR DOWNSTREAM COMPANY, RECEIVE 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 OF REVENUE, 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 20240HB2565PN3792 - 41 - 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 TAXABLE YEAR.

(C) RESALE AND ASSIGNMENT.-- (1) A PURCHASER UNDER SECTION 1736-L MAY NOT SELL OR ASSIGN THE PURCHASED TAX CREDIT.

(2) AN ASSIGNEE UNDER SECTION 1736-L MAY NOT SELL OR ASSIGN THE ASSIGNED TAX CREDIT.

(D) NOTICE.--THE PURCHASER OR ASSIGNEE UNDER SECTION 1736-L SHALL NOTIFY THE DEPARTMENT OF REVENUE OF THE SELLER OR ASSIGNOR OF THE TAX CREDIT IN COMPLIANCE WITH PROCEDURES SPECIFIED BY THE DEPARTMENT OF REVENUE.

SECTION 1738-L.

PASS-THROUGH ENTITY.

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

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

(1) THE PASS-THROUGH ENTITY;

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

(C) AMOUNT.--THE AMOUNT OF THE TAX CREDIT THAT A TRANSFEREE 20240HB2565PN3792 - 42 - UNDER SUBSECTION (A) MAY USE AGAINST ANY ONE QUALIFIED TAX LIABILITY MAY NOT EXCEED 20% OF ANY QUALIFIED TAX LIABILITIES FOR THE TAXABLE YEAR.

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

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

SECTION 1739-L.

(RESERVED).

SECTION 1740-L.

GUIDELINES AND REGULATIONS.

THE DEPARTMENT, IN CONSULTATION WITH THE DEPARTMENT OF REVENUE, SHALL DEVELOP WRITTEN GUIDELINES FOR THE IMPLEMENTATION OF THIS SUBARTICLE.

THE GUIDELINES SHALL BE IN EFFECT UNTIL THE DEPARTMENT PROMULGATES REGULATIONS FOR THE IMPLEMENTATION OF THE PROVISIONS OF THIS SUBARTICLE.

SECTION 1741-L.

REPORT TO GENERAL ASSEMBLY.

(A) REPORT.-- (1) NO LATER THAN ONE YEAR AFTER WHICH TAX CREDITS ARE FIRST AWARDED UNDER THIS SUBARTICLE, AND EACH OCTOBER 1 THEREAFTER, THE DEPARTMENT AND THE DEPARTMENT OF REVENUE SHALL JOINTLY SUBMIT A REPORT TO THE GENERAL ASSEMBLY SUMMARIZING THE EFFECTIVENESS OF THE TAX CREDIT.

THE REPORT SHALL INCLUDE THE NAMES OF ALL QUALIFIED TAXPAYERS UTILIZING THE TAX CREDIT AS OF THE DATE OF THE REPORT AND THE AMOUNT OF TAX CREDITS APPROVED FOR, UTILIZED BY OR SOLD OR ASSIGNED BY EACH QUALIFIED TAXPAYER.

THE REPORT SHALL BE SUBMITTED TO THE FOLLOWING:

(I) THE CHAIR AND MINORITY CHAIR OF THE AGRICULTURE AND RURAL AFFAIRS COMMITTEE OF THE SENATE.

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

20240HB2565PN3792 - 43 - (III) THE CHAIR AND MINORITY CHAIR OF THE AGRICULTURE AND RURAL AFFAIRS COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

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

(2) IN ADDITION TO THE INFORMATION REQUIRED UNDER PARAGRAPH (1), THE REPORT SHALL INCLUDE THE FOLLOWING INFORMATION IN A MANNER THAT IS SEPARATED BY GEOGRAPHIC 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 3.

SECTIONS 1751-L, 1752-L(B), 1753-L AND 1754-L(C) OF THE ACT ARE AMENDED TO READ:

SECTION 1751-L.

DEFINITIONS.

20240HB2565PN3792 - 44 - 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:

"CLEAN HYDROGEN." [HYDROGEN USED IN A PROJECT WHICH HAS BEEN DETERMINED BY THE UNITED STATES DEPARTMENT OF ENERGY TO DEMONSTRABLY AID ACHIEVEMENT OF THE CLEAN HYDROGEN PRODUCTION STANDARD UNDER SECTION 822 OF THE ENERGY POLICY ACT OF 2005 (PUBLIC LAW 109-58, 11 STAT.

594) BY MITIGATING EMISSIONS ACROSS THE SUPPLY CHAIN THROUGH AGGRESSIVE CARBON CAPTURE, BY MEASURES TO MITIGATE FUGITIVE METHANE EMISSIONS OR BY THE USE OF CLEAN ELECTRICITY OR OTHER TECHNOLOGIES OR PRACTICES APPROVED BY THE UNITED STATES DEPARTMENT OF ENERGY.] HYDROGEN PRODUCED THROUGH A PROCESS THAT RESULTS IN A LIFE CYCLE GREENHOUSE GAS EMISSIONS RATE OF LESS THAN 4 KILOGRAMS OF CO2E PER KILOGRAM OF HYDROGEN.

"PROJECT FACILITY." A FACILITY LOCATED IN THIS COMMONWEALTH WHICH IS OWNED BY A QUALIFIED TAXPAYER [WHICH IS PART OF A REGIONAL CLEAN HYDROGEN HUB DESIGNATED BY THE UNITED STATES DEPARTMENT OF ENERGY AUTHORIZED UNDER SECTION 813 OF THE ENERGY POLICY ACT OF 2005].

"QUALIFIED TAXPAYER." A COMPANY THAT SATISFIES ALL OF THE FOLLOWING:

(1) OWNS AND OPERATES A PROJECT FACILITY [LOCATED WITHIN A REGIONAL CLEAN HYDROGEN HUB DESIGNATED BY THE UNITED STATES DEPARTMENT OF ENERGY AUTHORIZED UNDER SECTION 813 OF THE ENERGY POLICY ACT OF 2005] IN THIS COMMONWEALTH.

[(2) HAS ENTERED INTO A COMMITMENT LETTER UNDER SECTION 1752-L(B) TO PURCHASE CLEAN HYDROGEN FROM A REGIONAL CLEAN HYDROGEN HUB WITHIN THIS COMMONWEALTH FOR USE IN MANUFACTURING AT A PROJECT FACILITY IN THIS COMMONWEALTH WHICH HAS BEEN PLACED IN SERVICE ON OR AFTER THE EFFECTIVE 20240HB2565PN3792 - 45 - DATE OF THIS SECTION.] (2.1) HAS ENTERED INTO A COMMITMENT LETTER UNDER SECTION 1752-L(B) TO PURCHASE CLEAN HYDROGEN FOR USE IN MANUFACTURING, AVIATION FUEL PRODUCTION, HEAT OR ENERGY GENERATION OR TRANSPORTATION AND LOGISTICS AT A PROJECT FACILITY IN THIS COMMONWEALTH WHICH HAS BEEN PLACED IN SERVICE ON OR AFTER THE EFFECTIVE DATE OF THIS PARAGRAPH.

(3) HAS MADE A CAPITAL INVESTMENT OF AT LEAST [\$500,000,000] \$100,000,000 IN ORDER TO CONSTRUCT THE PROJECT FACILITY AND PLACE THE PROJECT FACILITY INTO SERVICE IN THIS COMMONWEALTH.

(4) HAS CREATED A MINIMUM AGGREGATE TOTAL OF [1,200] 200 NEW JOBS AND PERMANENT JOBS.

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

(6) HAS DEMONSTRATED THAT THE NEW JOBS CREATED AT THE PROJECT FACILITY OR FOR WORK COVERED BY SUBARTICLE F ARE PAID AT LEAST THE PREVAILING MINIMUM WAGE AND BENEFIT RATES FOR EACH CRAFT OR CLASSIFICATION AS DETERMINED BY THE DEPARTMENT OF LABOR AND INDUSTRY.

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

SECTION 1752-L.

ELIGIBILITY.

* * * (B) COMMITMENT LETTER.--A COMPANY THAT APPLIES FOR AND RECEIVES A TAX CREDIT UNDER THIS SUBARTICLE

SHALL ENTER INTO A 20240HB2565PN3792 - 46 - COMMITMENT LETTER WITH THE DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT TO PRESCRIBE THE DATE BY WHICH THE PROJECT FACILITY WILL BEGIN TO PURCHASE CLEAN HYDROGEN [FROM SOURCES WITHIN THE REGIONAL CLEAN HYDROGEN HUB IN THIS COMMONWEALTH FOR USE IN MANUFACTURING AT THE PROJECT FACILITY.] FOR USE IN MANUFACTURING, AVIATION FUEL PRODUCTION, HEAT AND ENERGY GENERATION OR TRANSPORTATION AND LOGISTICS AT THE PROJECT FACILITY FROM SOURCES WITHIN THIS COMMONWEALTH.

SECTION 1753-L.

APPLICATION AND APPROVAL OF TAX CREDIT.

(A) RATE.--[THE TAX CREDIT SHALL BE EQUAL TO ANY ONE OR MORE OF THE FOLLOWING:

(1) \$0.81 PER KILOGRAM OF CLEAN HYDROGEN PURCHASED FROM A REGIONAL CLEAN HYDROGEN HUB WITHIN THIS COMMONWEALTH AND USED IN MANUFACTURING AT THE PROJECT FACILITY BY A QUALIFIED TAXPAYER.

(2) \$0.47 PER UNIT OF NATURAL GAS THAT IS PURCHASED AND USED IN MANUFACTURING AT THE PROJECT FACILITY BY A QUALIFIED TAXPAYER.] THE TAX CREDIT SHALL BE EQUAL TO THE FOLLOWING PER KILOGRAM OF CLEAN HYDROGEN 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 20240HB2565PN3792 - 47 - 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.] 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 PURCHASED FROM SOURCES WITHIN THE REGIONAL CLEAN HYDROGEN HUB IN THIS COMMONWEALTH AND USED IN MANUFACTURING [AT THE PROJECT FACILITY;], AVIATION FUEL PRODUCTION, HEAT AND ENERGY GENERATION OR TRANSPORTATION AND LOGISTICS AT THE PROJECT FACILITY FROM SOURCES LOCATED WITHIN THIS COMMONWEALTH;

(III) INFORMATION REQUIRED BY THE DEPARTMENT TO VERIFY THAT THE APPLICANT IS A QUALIFIED TAXPAYER; AND (IV) ANY OTHER INFORMATION AS THE DEPARTMENT DEEMS APPROPRIATE.

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

[(2) UPON APPROVAL, THE DEPARTMENT SHALL ISSUE A 20240HB2565PN3792 - 48 - CERTIFICATE STATING THE AMOUNT OF THE TAX CREDIT GRANTED FOR NATURAL GAS PURCHASED AND USED IN MANUFACTURING AT THE PROJECT FACILITY IN THE PRIOR CALENDAR YEAR.] (3) UPON APPROVAL, THE DEPARTMENT SHALL ISSUE A CERTIFICATE STATING THE AMOUNT OF THE TAX CREDIT GRANTED FOR CLEAN HYDROGEN PURCHASED [FROM SOURCES LOCATED IN A REGIONAL CLEAN HYDROGEN HUB LOCATED IN THIS COMMONWEALTH AND USED IN MANUFACTURING AT THE PROJECT FACILITY IN THE PRIOR CALENDAR YEAR.] FOR USE IN MANUFACTURING, AVIATION FUEL PRODUCTION, HEAT AND ENERGY GENERATION OR TRANSPORTATION AND LOGISTICS AT THE PROJECT FACILITY IN THE PRIOR CALENDAR YEAR FROM SOURCES LOCATED WITHIN THIS COMMONWEALTH.

(D) AVAILABILITY OF TAX CREDITS.-- (1) EACH FISCAL YEAR, [\$50,000,000] \$49,000,000 IN TAX CREDITS SHALL BE MADE AVAILABLE TO THE DEPARTMENT IN ACCORDANCE WITH THIS SUBARTICLE.

(2) THE DEPARTMENT SHALL ISSUE UP TO [\$50,000,000 IN A FISCAL YEAR TO THE QUALIFIED TAXPAYER WHICH FIRST MEETS THE QUALIFICATIONS TO RECEIVE A TAX CREDIT UNDER THIS SUBARTICLE.] \$7,000,000 TO EACH OF SEVEN QUALIFIED TAXPAYERS WHICH FIRST MEET THE QUALIFICATIONS TO RECEIVE A TAX CREDIT UNDER THIS SUBARTICLE AND WHICH ARE LOCATED IN THE REGIONALLY DIVERSE AREAS OF THE COMMONWEALTH AS FOLLOWS:

(I) TWO QUALIFIED TAXPAYERS WHICH ARE LOCATED EAST OF THE SUSQUEHANNA RIVER;

(II) TWO QUALIFIED TAXPAYERS WHICH ARE LOCATED WEST OF THE SUSQUEHANNA RIVER;

(III) ONE QUALIFIED TAXPAYER WHICH IS LOCATED IN A COUNTY OF THE FIFTH, SIXTH, SEVENTH OR EIGHTH CLASS;

AND (IV) TWO QUALIFIED TAXPAYERS WHICH MAY BE LOCATED 20240HB2565PN3792 - 49 - ANYWHERE IN THIS COMMONWEALTH.

(3) AN AMOUNT UNDER PARAGRAPH (1) WHICH REMAINS UNALLOCATED UNDER PARAGRAPH (2) SHALL BE ISSUED TO THE QUALIFIED TAXPAYER WHICH NEXT MEETS THE QUALIFICATIONS TO RECEIVE A TAX CREDIT UNDER THIS SUBARTICLE.

(4) THE TOTAL AGGREGATE AMOUNT OF TAX CREDITS AWARDED TO A QUALIFIED TAXPAYER UNDER THIS SUBARTICLE MAY NOT EXCEED 50% OF THE CAPITAL INVESTMENT MADE TO CONSTRUCT A PROJECT FACILITY AND PLACE THE PROJECT FACILITY INTO SERVICE IN THIS COMMONWEALTH.

SECTION 1754-L.

USE OF TAX CREDITS.

* * * (C) LIMIT.--A QUALIFIED TAXPAYER THAT HAS BEEN GRANTED A TAX CREDIT UNDER THIS SUBARTICLE SHALL BE

INELIGIBLE FOR ANY OTHER TAX CREDIT PROVIDED UNDER THIS ACT [OR A TAX BENEFIT AS DEFINED IN SECTION 1701-A.1].

SECTION 4.

SECTION 1762-L OF THE ACT IS AMENDED TO READ:

SECTION 1762-L.

APPLICABILITY.

THIS SUBARTICLE SHALL APPLY TO THE PURCHASE OF CLEAN HYDROGEN FROM SOURCES LOCATED [IN A REGIONAL CLEAN HYDROGEN HUB] WITHIN THIS COMMONWEALTH [OR NATURAL GAS USED IN MANUFACTURING] AT A PROJECT FACILITY FOR THE PERIOD BEGINNING JANUARY 1, [2024] 2025, AND ENDING DECEMBER 31, [2043] 2044.

SECTION 5.

THE DEFINITIONS OF "QUALIFIED TAXPAYER" AND "SEMICONDUCTOR MANUFACTURING" IN SECTION 1771-L OF THE ACT ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A DEFINITION TO READ:

SECTION 1771-L.

DEFINITIONS.

THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS SUBARTICLE SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE 20240HB2565PN3792 - 50 - CONTEXT CLEARLY INDICATES OTHERWISE: