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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

COMMITTEES
FINANCE
DEMOCRATIC CHAIR

House Finance Committee

AGENDA

Voting Meeting

Wednesday, November 19, 2025

523 Irvis Office Building

10:00 AM

1. Call to order
2. Roll call attendance
3. Legislation to be considered:

HB 1556 (Fiedler) – Adds an Advanced Clean Energy Manufacturing Tax Credit to PA EDGE (Economic Development for a Growing Economy).

A02161 (Samuelson) – Amendment clarifies industry terminology and standards, updates qualified taxpayer definition and reduces annual fiscal impact.

4. Any other business brought forth by the Majority Chairman
5. Adjournment

HOUSE OF REPRESENTATIVES

DEMOCRATIC COMMITTEE BILL ANALYSIS

Bill No:	HB1556 PN1951	Prepared By:	Shannon Snell
Committee:	Finance		(717) 783-1614, 6598
Sponsor:	Fiedler, Elizabeth	Executive Director:	Mark Foreman
Date:	8/25/2025		

A. Brief Concept

Adds a new Advanced Clean Manufacturing Tax Credit to the EDGE credit package.

C. Analysis of the Bill

HB 1556 amends Article XVII-L (Pennsylvania Economic Development for a Growing Economy (PA EDGE) Tax Credits) of the Tax Reform Code of 1971 to establish a new Advanced Clean Manufacturing Tax Credit.

Overview

- Administering agency: Key duties in administering the credit are given to the Department of Revenue and the Secretary of Environmental Protection.
- Each taxpayer is eligible for a credit of: 30% of qualified production costs for an advanced clean manufacturing project, up to a maximum of \$10 million.
- Capital investment: Not specified
- Total Annual Cap: \$50 Million
- Carryover: Up to 5 taxable years
- Sale/assignment allowed: Not specified
- Expiration: December 31, 2035

Key Details

- An "advanced clean manufacturing facility" is a facility located within Pennsylvania where clean steel, clean aluminum, clean cement, clean glass, electric grid modernization equipment, energy-efficient heat pumps, energy-efficient turbines or hydrogen electrolyzers are produced.
- A "qualified advanced clean manufacturing project" is a project that does one of the following:
 - Re-equips, expands or establishes an industrial or manufacturing facility for the production of:
 - Clean steel, clean aluminum, clean cement, or clean glass.
 - Electric grid modernization equipment.
 - Energy-efficient heat pumps.
 - Energy-efficient turbines.
 - Hydrogen electrolyzers.
 - Otherwise re-equips an industrial or manufacturing facility for the production of clean steel, clean aluminum, clean cement or clean glass with equipment designed to reduce greenhouse gas emissions at the facility by at least 75%.
- A "qualified taxpayer" is an entity subject to tax under Article III (Personal Income Tax), Article IV (Corporate Net Income Tax), or Article VI (Capital Stock-Franchise Tax) that owns or operates an advanced clean manufacturing project facility within Pennsylvania.
- The maximum amount of credits that can be awarded in a fiscal year is \$50 million.
- A qualified taxpayer has three years from the date of issuance of the tax credit certificate to place the project in service.
- If a qualified taxpayer has received a credit through fraud or misrepresentation, or has failed to maintain production standards for two consecutive taxable years, the credit will be subject to recapture.

- The Secretary of Environmental Protection may reallocate credits if there are insufficient applications for tax credit certificates, a tax credit certificate has been revoked due to third-party opposition or litigation to the project, or any credits have been recaptured.

Effective Date:

60 days.

G. Relevant Existing Laws

The Pennsylvania Economic Development for a Growing Economy (PA EDGE) tax credit package was enacted on November 8, 2022, at the very end of the 2021-2022 Legislative Session. It initiated the following tax credits:

- Local Resource Manufacturing Tax Credit.
- Pennsylvania Milk Processing Tax Credit.
- Regional Clean Hydrogen Hubs Tax Credit.
- Semiconductor Manufacturing and Biomedical Manufacturing and Research Tax Credit.

E. Prior Session (Previous Bill Numbers & House/Senate Votes)

This is new language that was not introduced during prior legislative sessions.

This document is a summary of proposed legislation and is prepared only as general information for use by the Democratic Members and Staff of the Pennsylvania House of Representatives. The document does not represent the legislative intent of the Pennsylvania House of Representatives and may not be utilized as such.

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A02161 Amendment Summary

HB 1556 (Fiedler) – Adds an Advanced Clean Manufacturing Tax Credit to PA EDGE (Economic Development for a Growing Economy).

A02161 (Samuelson)

- Adds clean iron and phase change material ceiling tile to the types of projects eligible for the tax credit.
- Specifies that an advanced clean manufacturing project must be powered by electricity derived from 50% renewable sources by the effective date, and 100% renewable sources by 2035.
- Provides additional specificity and clarification to various definitions.
- Requires an advanced clean manufacturing project to reduce greenhouse gas emissions at the project facility by at least 50%.
- Permits a qualified taxpayer to apply the credit to 20% of their tax liability.
- Lowers the maximum credit per taxpayer to \$5 million.
- Lowers the annual cap to \$25 million.
- Adds a commitment letter process by which an applicant agrees to complete an advanced clean manufacturing project, and in return, the Department of Revenue (DOR) reserves tax credits for the taxpayer. Upon completion of the project in compliance with the standards in the bill, the taxpayer will then receive the tax credit.
- Allows DOR to authorize an additional application period if there are additional credits available.
- Adds provisions related to pass-through entities and use of credits.

LEGISLATIVE REFERENCE BUREAU

AMENDMENTS TO HOUSE BILL NO. 1556

Sponsor:

Printer's No. 1951

1 Amend Bill, page 2, line 6, by inserting after "glass,"
2 clean iron,

3 Amend Bill, page 2, by inserting between lines 8 and 9
4 "Advanced clean manufacturing tax credit" or "credit." A tax
5 credit for which the department has executed an advanced clean
6 manufacturing tax credit commitment letter under section 1790.5-
7 L.
8 "Clean iron." Iron produced using methods that reduce
9 greenhouse gas emissions by at least 75% compared to standard
10 fossil-based production methods.

11 Amend Bill, page 2, line 10, by inserting after "produced"
12 without coal or fossil-fuel-based iron inputs

13 Amend Bill, page 2, line 12, by inserting after "precursors"
14 or with a clinker-to-cement ratio under 0.67

15 Amend Bill, page 2, line 16, by striking out "renewable
16 sources," and inserting

17 at least 50% renewable sources by the effective date of
18 this definition and 100% renewable sources by 2035, through a
19 power purchase agreement or onsite generation,

20 Amend Bill, page 2, line 25, by striking out "through a
21 process" and inserting

22 in direct reduced iron or novel reduction facilities

23 Amend Bill, page 3, lines 1 through 3, by striking out
24 "process of producing" in line 1 and all of lines 2 and 3 and
25 inserting

26 production process is no greater than the 25th
27 percentile for the industry nationally, as determined by the
28 Department of Environmental Protection.

Amend Bill, page 3, lines 4 and 5, by striking out all of
said lines

Amend Bill, page 3, by inserting between lines 6 and 7
"Department of Community and Economic Development." The
Department of Community and Economic Development of the
Commonwealth.
"Department of Environmental Protection." The Department of
Environmental Protection of the Commonwealth.

Amend Bill, page 3, by inserting between lines 15 and 16
(3) Electrical steel.
"Electrical steel." Specialty steel suitable for specialized
uses in the cores of electromagnetic devices, distribution
transformers or electric generators, due to its magnetic
properties. The term shall include amorphous steel.

Amend Bill, page 3, line 26, by inserting after "90%"
, using any commonly accepted industry measurement of turbine
efficiency

Amend Bill, page 3, by inserting between lines 29 and 30
"Pass-through entity." A partnership as defined in section
301(n.0) or a Pennsylvania S corporation as defined in section
301(n.1).
"Phase change material ceiling tile." A ceiling tile or
panel designed for use in building interiors that incorporates
one or more phase change materials intended to absorb, store and
release thermal energy as the material changes phase between
solid and liquid or other physical states, for the purpose of
moderating indoor temperature fluctuations and improving energy
efficiency.

Amend Bill, page 3, line 30, by striking out "project." and
inserting

project" or "project."

Amend Bill, page 3, line 30, by inserting after "project"
where it occurs the second time
for which a commitment letter has been executed under
section 1790.5-L,

Amend Bill, page 4, line 6, by striking out "or"

Amend Bill, page 4, line 8, by striking out the period after

1 "electrolyzers" and inserting
2 i
3 (iv) clean iron; or
4 (v) phase change material ceiling tiles.
5 Amend Bill, page 4, line 11, by striking out "or" and
6 inserting a comma
7 Amend Bill, page 4, line 11, by inserting after "glass"
8 or clean iron,
9 Amend Bill, page 4, line 12, by striking out "75%" and
10 inserting
11 50%
12 Amend Bill, page 4, line 16, by inserting after "glass,"
13 clean iron,
14 Amend Bill, page 4, line 17, by inserting after
15 "electrolyzers,"
16 or directly attributable to the production of clean steel,
17 clean aluminum, clean cement, clean glass or clean iron, at a
18 facility re-equipped with equipment designed to reduce
19 greenhouse gas emissions at the facility by at least 50%.
20 Amend Bill, page 4, line 27, by inserting after "a"
21 pilot or
22 Amend Bill, page 4, by inserting between lines 28 and 29
23 "Qualified tax liability." A tax owed by a qualified
24 taxpayer under Article III, IV, VII, VIII or XV, excluding any
25 tax withheld by an employer under Article III.
26 Amend Bill, page 4, line 30, by striking out "or VI" and
27 inserting
28 , VII, VIII or XV
29 Amend Bill, page 5, line 1, by inserting after
30 "Commonwealth."
31 The term includes a pass-through entity.
32 Amend Bill, page 5, lines 2 and 3, by striking out all of
33 said lines

Amend Bill, page 5, line 13, by striking out "tax imposed
under Article III, IV or VI" and inserting

qualified taxpayer's qualified tax liability

Amend Bill, page 5, line 14, by inserting after "year."

A qualified taxpayer may apply the advanced clean
manufacturing tax credit to not more than 20% of the qualified
taxpayer's qualified tax liability.

Amend Bill, page 5, line 17, by striking out "\$10,000,000"
and inserting

\$5,000,000

Amend Bill, page 5, line 22, by striking out "secretary" and
inserting

department

Amend Bill, page 5, line 24, by striking out "department" and
inserting

Department of Environmental Protection

Amend Bill, page 5, lines 25 and 26, by striking out "award
certifications of credit" and inserting

approve commitment letters

Amend Bill, page 5, line 28, by striking out "secretary" and
inserting

Department of Environmental Protection

Amend Bill, page 6, line 1, by striking out the period after
"project" and inserting

for the purposes of determining that a qualified project
facility has re-equipped an industrial or manufacturing facility
for the production of clean steel, clean aluminum, clean cement,
clean glass or clean iron, with equipment designed to reduce
greenhouse gas emissions at the facility by at least 50%.

Amend Bill, page 6, lines 2 through 5, by striking out all of
said lines and inserting

(b) Application.--The department shall develop an
application for a commitment letter under this subarticle to be
posted on its publicly accessible Internet website. The

1 application shall include documentation verifying the
2 applicant's eligibility to become a qualified taxpayer and the
3 amount of qualified production costs to be included, as well as
4 such other information as deemed necessary by the department to
5 establish approval criteria for a commitment letter.

6 Amend Bill, page 6, line 7, by striking out "\$50,000,000" and
7 inserting

8 \$25,000,000

9 Amend Bill, page 6, by inserting between lines 8 and 9

10 (d) Additional program.--If the department determines that
11 credits under this section are available for redistribution
12 under section 1790.8-L, the department may authorize an
13 additional application period for commitment letters for the
14 advanced clean manufacturing tax credit.

15 Amend Bill, page 6, lines 9 through 30; page 7, lines 1
16 through 16; by striking out all of said lines on said pages and
17 inserting

18 Section 1790.5-L. Certification.

19 (a) Application period.--An applicant for a commitment
20 letter under this subarticle must submit an application
21 containing information the department may require, in
22 consultation with the Department of Community and Economic
23 Development and the Department of Environmental Protection. If
24 the department approves the taxpayer's application for a
25 commitment letter, the department and the taxpayer shall execute
26 a commitment letter containing the following:

27 (1) A detailed description of the project.

28 (2) The minimum number of jobs anticipated to be created
29 at the project site or sites.

30 (3) The location of all project sites.

31 (4) The period in which the qualified taxpayer must
32 place the project into service and submit evidence of
33 qualified production costs for the advanced clean
34 manufacturing tax credit. The period may not exceed four
35 years from the date the commitment letter is executed. If the
36 project is not placed into service by the period specified in
37 the commitment letter, the commitment letter shall be
38 rendered invalid.

39 (5) A requirement to maintain tax compliance with the
40 department.

41 (6) The projected amount of qualified production costs
42 the qualified taxpayer expects to incur.

43 (7) Any other information the department deems
44 necessary.

45 (b) Criteria.--In determining which applicants to approve

1 for a commitment letter under this section, the department shall
2 take into consideration only the projects that:

3 (1) Have a reasonable expectation of commercial
4 viability.

5 (2) Will provide the greatest direct and indirect job
6 creation within this Commonwealth during the credit period.

7 (3) Will provide the greatest net impact in avoiding or
8 reducing air pollutants or anthropogenic emissions of
9 greenhouse gases.

10 (4) Have the greatest potential for technological
11 innovation and commercial deployment.

12 (5) Have the lowest levelized cost of generated or
13 stored energy or of measured reduction in energy consumption
14 or greenhouse gas emissions based on costs of the full supply
15 chain.

16 (6) Have the shortest project time from certification to
17 completion.

18 (c) Effect of commitment letter.--Upon execution of the
19 commitment letter, the department shall reserve advanced clean
20 manufacturing tax credits for the qualified taxpayer. The
21 commitment letter shall document the availability of advanced
22 clean manufacturing tax credits for the qualified taxpayer
23 pending the project's placement into service, the project's
24 adherence to the terms of the commitment letter and the
25 department's review and approval of qualified production costs.

26 (d) Issuance of credit.--After placing the project into
27 service, the qualified taxpayer shall present evidence of
28 qualified production costs to the department. Upon review and
29 approval of the evidence presented by the qualified taxpayer,
30 the department shall issue to the qualified taxpayer advanced
31 clean manufacturing credits.

32 Section 1790.5A-L. Pass-through entity.

33 (a) Election.--If a pass-through entity has any unused
34 credits under this subarticle, the entity may elect in writing,
35 according to procedures established by the department, to
36 transfer all or a portion of the credit to shareholders, members
37 or partners in proportion or the share of the entity's
38 distributive income to which the shareholder, member or partner
39 is entitled.

40 (b) Prohibition.--A pass-through entity and a shareholder,
41 member or partner of a pass-through entity may not claim the
42 credit under subsection (a) for the same new project.

43 (c) When credit to be claimed.--A shareholder, member or
44 partner of a pass-through entity to whom a credit is transferred
45 under subsection (a) shall immediately claim the credit in the
46 taxable year in which the transfer is made. The shareholder,
47 member or partner may not carry forward, carry back or obtain a
48 refund of the credit.

49 Section 1790.6-L. Carry forward, sale or assignment.

50 (a) Permissible carry forward.--

51 (1) If the qualified taxpayer cannot use the entire

1 amount of advanced clean manufacturing tax credits for the
2 taxable year in which the advanced clean manufacturing tax
3 credits are first approved, the excess may be carried over to
4 succeeding taxable years and used as a credit against the
5 qualified tax liability for the succeeding taxable years.

6 (2) Each time the advanced clean manufacturing tax
7 credit is carried over to a succeeding taxable year, the
8 advanced clean manufacturing tax credit shall be reduced by
9 the amount of the advanced clean manufacturing tax credit
10 used during the immediately preceding taxable year.

11 (3) The advanced clean manufacturing tax credit may be
12 carried over and applied to succeeding taxable years for no
13 more than five taxable years following the first taxable year
14 for which the qualified taxpayer was entitled to claim the
15 credit.

16 (b) Seller and assignor provisions.--In the case of sale or
17 assignment, the following shall apply to the seller or assignor:

18 (1) A qualified taxpayer, upon application to and
19 approval by the department, may sell or assign, in whole or
20 in part, a credit granted to the taxpayer under this
21 subarticle.

22 (2) Before an application is approved, the department
23 must make a finding that the applicant has filed all required
24 State tax reports and returns for all applicable taxable
25 years and paid any balance of State tax due as determined at
26 settlement, assessment or determination by the department.

27 (3) Notwithstanding any other provision of law, the
28 department shall settle, assess or determine the tax of an
29 applicant under this subsection no later than 90 days after
30 filing of all required final returns or reports in accordance
31 with section 806.1(a)(5) of the act of April 9, 1929
32 (P.L.343, No.176), known as The Fiscal Code.

33 (c) Purchaser and assignee provisions.--In the case of sale
34 and assignment, the following shall apply to the purchaser or
35 assignee:

36 (1) The purchaser or assignee of all or a portion of a
37 credit under this subarticle shall immediately claim the
38 credit in the taxable year in which the purchase or
39 assignment is made.

40 (2) The amount of the credit that a purchaser or
41 assignee may use against any one qualified tax liability may
42 not exceed 20% of such qualified tax liability for the
43 taxable year.

44 (3) The purchaser or assignee may not carry forward,
45 carry back or obtain a refund of or sell or assign the
46 credit.

47 Amend Bill, page 7, line 18, by inserting after "department"
48 , in consultation with the Department of Environmental
49 Protection,

1 Amend Bill, page 7, line 20, by inserting after "maintain"
2 applicable
3 Amend Bill, page 7, line 21, by inserting after "standards"
4 or clean iron production standards.
5 Amend Bill, page 7, line 25, by striking out "secretary" and
6 inserting
7 department
8 Amend Bill, page 7, line 26, by striking out "secretary" and
9 inserting
10 department
11 Amend Bill, page 7, line 28, by striking out "certification"
12 and inserting
13 commitment letters
14 Amend Bill, page 7, line 30, by striking out "certification
15 made" and inserting
16 commitment letter executed
17 Amend Bill, page 8, line 8, by striking out "secretary" and
18 inserting
19 department

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1556 Session of
2025

INTRODUCED BY FIEDLER, KRAJEWSKI, INGLIS, WEBSTER, HILL-EVANS,
FREEMAN, SCHLOSSBERG, CIRESI, SANCHEZ, WAXMAN, MERSKI,
RIVERA, McNEILL, CEPEDA-FREYITZ, D. WILLIAMS, DEASY AND
GUZMAN, JUNE 16, 2025

REFERRED TO COMMITTEE ON FINANCE, JUNE 17, 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, providing for an
12 advanced clean manufacturing project and further providing
13 for definitions.

14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 Section 1. Article XVII-L of the act of March 4, 1971
17 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended
18 by adding a subarticle to read:

19 SUBARTICLE E.3

20 ADVANCED CLEAN MANUFACTURING PROJECT

21 Section 1790-L. Definitions.

22 The following words and phrases when used in this subarticle

1 shall have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 "Advanced clean manufacturing project facility." A facility
4 located in this Commonwealth that is owned and operated by a
5 qualified taxpayer and where clean steel, clean aluminum, clean
6 cement, clean glass, electric grid modernization equipment,
7 energy-efficient heat pumps, energy-efficient turbines or
8 hydrogen electrolyzers are produced.

9 "Clean steel, clean aluminum, clean cement or clean glass."
10 Steel produced using recycled scrap or direct reduced iron, or
11 aluminum produced using recycled aluminum or inert anodes, or
12 cement produced using low-carbon precursors, or glass produced
13 using recycled glass, which is also produced using energy from:

14 (1) electric arc furnaces or other thermal energy
15 generation or storage systems powered by electricity derived
16 from renewable sources, including any type or category of
17 facility in Table 1 of Revenue Procedure 2025-14 published by
18 the Internal Revenue Service in 2025-7 Internal Revenue
19 Bulletin 770-771 or any successor table published in the
20 Internal Revenue Bulletin, or a source defined as a Tier I
21 alternative energy source under the act of November 30, 2004
22 (P.L.1672, No.213), known as the Alternative Energy Portfolio
23 Standards Act, or any source defined similarly under a
24 successor standard;

25 (2) hydrogen produced through a process that results in
26 a life cycle greenhouse gas emissions rate of less than 4
27 kilograms of CO₂e per kilogram of hydrogen, as described
28 under 26 CFR 1.45V-1(a)(13) (relating to credit for
29 production of clean hydrogen); or

30 (3) any other production process such that the carbon

dioxide emissions generated during the process of producing steel is at least 75% below the national industry average, as determined by the secretary.

"Credit." The qualified advanced clean manufacturing tax credit established under this subarticle.

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

"Electric grid modernization equipment." The term includes:

(1) Distribution transformers, as defined under 42 U.S.C. § 6291(35) (relating to definitions).

(2) Batteries, including thermal batteries, battery energy storage systems, fuel cells or any technology defined as "energy storage technology" in 26 U.S.C. § 48E(c)(2) (relating to clean electricity investment credit), including 26 CFR 1.48E-2(g)(6) (relating to qualified investments in qualified facilities and EST for purposes of section 48E).

"Energy-efficient heat pumps." Any electric or natural gas heat pump which meets or exceeds the highest efficiency tier, not including any advanced tier, established by the Consortium for Energy Efficiency which is in effect as of the beginning of the calendar year in which the qualified advanced clean manufacturing project commences construction.

"Energy-efficient turbines." A turbine designed for use in a combined-cycle power plant and capable of achieving a combined-cycle efficiency of at least 65%, or a turbine designed for use in a hydroelectric facility and capable of achieving an efficiency of at least 90%.

"Hydrogen electrolyzer." An industrial, commercial or utility-scale device, apparatus or system that produces gaseous hydrogen by performing electrolysis.

"Qualified advanced clean manufacturing project." A project

1 which either:

2 (1) Re-equips, expands or establishes an industrial or
3 manufacturing facility for the production of:

4 (i) clean steel, clean aluminum, clean cement or
5 clean glass;

6 (ii) electric grid modernization equipment; or

7 (iii) energy-efficient heat pumps, energy-efficient
8 turbines or hydrogen electrolyzers.

9 (2) Otherwise re-equips an industrial or manufacturing
10 facility for the production of clean steel, clean aluminum,
11 clean cement or clean glass with equipment designed to reduce
12 greenhouse gas emissions at the facility by at least 75%.

13 "Qualified production costs." Expenditures made by a
14 qualified taxpayer that are directly attributable to the
15 production of clean steel, clean aluminum, clean cement, clean
16 glass, electric grid modernization equipment, energy-efficient
17 heat pumps, energy-efficient turbines or hydrogen electrolyzers,
18 including, but not limited to, capital investment, operating
19 costs, labor and raw materials, tangible property used as an
20 integral part of the qualified advanced clean manufacturing
21 project facility or any other tangible property necessary for
22 re-equipping, expanding or establishing a qualified advanced
23 clean manufacturing project facility. The term includes a pilot
24 or commercial demonstration project's start-up expenditures
25 under 26 U.S.C. § 195 (relating to start-up expenditures) and
26 costs, including operational costs, associated with the
27 construction, fabrication or building of a pre-commercial
28 production line.

29 "Qualified taxpayer." An entity subject to tax under Article
30 III, IV or VI that owns or operates a qualified advanced clean

1 manufacturing project facility located in this Commonwealth.

2 "Secretary." The Secretary of Environmental Protection of
3 the Commonwealth.

4 Section 1790.1-L. Qualified advanced clean manufacturing tax
5 credit.

6 For purposes of this subarticle, the qualified advanced clean
7 manufacturing tax credit for any taxable year shall be an amount
8 equal to 30% of the qualified production costs for the taxable
9 year with respect to any qualified advanced clean manufacturing
10 project of the taxpayer.

11 Section 1790.2-L. Tax credit authorized.

12 A qualified taxpayer shall be allowed a credit against the
13 tax imposed under Article III, IV or VI for qualified production
14 costs incurred in a taxable year.

15 Section 1790.3-L. Credit amount.

16 The credit shall be equal to 30% of a qualified taxpayer's
17 qualified production costs, not to exceed \$10,000,000 per
18 taxable year.

19 Section 1790.4-L. Qualified advanced clean manufacturing tax
20 credit program.

21 (a) Program.--Not later than 180 days after the effective
22 date of this section, the secretary, in consultation with the
23 Department of Community and Economic Development and the
24 department, shall establish a qualified advanced clean
25 manufacturing tax credit program to consider and award
26 certifications of credit for qualified production costs eligible
27 for credits under this subarticle to qualified taxpayers. The
28 secretary shall, not later than 120 days following the effective
29 date of this section, set procedures for calculating and
30 verifying greenhouse gas emission reductions of a qualified

1 advanced clean manufacturing project.

2 (b) Application.--The application for a credit under this
3 subarticle shall include documentation verifying the taxpayer's
4 status as a qualified taxpayer and the amount of qualified
5 production costs incurred.

6 (c) Annual cap.--The total amount of tax credits awarded
7 under this subarticle shall not exceed \$50,000,000 in any fiscal
8 year.

9 Section 1790.5-L. Certification.

10 (a) Application period.--Each applicant for certification
11 under this section shall submit an application containing
12 information the secretary may require during the two-year period
13 beginning on the date the secretary establishes the program
14 under section 1790.4-L(a).

15 (b) Deadline for certification.--Each applicant for
16 certification shall have one year from the date of acceptance by
17 the secretary of the application to provide to the secretary
18 evidence that the requirements of the certification have been
19 met.

20 (c) Period of issuance.--An applicant which receives a
21 certification shall have three years from the date of issuance
22 of the certification to place the project in service. If the
23 project is not placed in service by the end of the time period,
24 the certification shall no longer be valid.

25 (d) Criteria.--In determining which qualified advanced clean
26 manufacturing projects to certify under this section, the
27 secretary shall take into consideration only the projects that
28 have a reasonable expectation of commercial viability and:

29 (1) will provide the greatest direct and indirect job
30 creation within the Commonwealth during the credit period;

1 (2) will provide the greatest net impact in avoiding or
2 reducing air pollutants or anthropogenic emissions of
3 greenhouse gases;

4 (3) have the greatest potential for technological
5 innovation and commercial deployment;

6 (4) have the lowest levelized cost of generated or
7 stored energy, or of measured reduction in energy consumption
8 or greenhouse gas emissions based on costs of the full supply
9 chain; and

10 (5) have the shortest project time from certification to
11 completion.

12 Section 1790.6-L. Carry forward.

13 If a qualified taxpayer does not utilize the entire amount of
14 the credit in the year in which it is approved, the unused
15 portion may be carried forward for a period not to exceed five
16 taxable years.

17 Section 1790.7-L. Recapture.

18 If the department determines that a qualified taxpayer has
19 received the credit through fraud or misrepresentation, or has
20 failed to maintain clean steel, clean aluminum, clean cement or
21 clean glass production standards for two consecutive taxable
22 years, the credit shall be subject to recapture, along with
23 applicable interest and penalties.

24 Section 1790.8-L. Redistribution.

25 The secretary may reallocate credits awarded under this
26 section if the secretary determines that:

27 (1) there is an insufficient quantity of pending
28 qualifying applications for certification under section
29 1790.5-L at the time of the review;

30 (2) any certification made under section 1790.5-L has

1 been revoked under this subarticle because the project
2 subject to the certification has been delayed as a result of
3 third-party opposition or litigation to the proposed project;
4 or

5 (3) the credit has been recaptured under section 1790.7-
6 L.

7 Section 1790.9-L. Public disclosure.

8 The secretary shall, upon making a certification under this
9 section, publicly disclose the identity of an applicant under
10 section 1790.5-L and the amount of the credit with respect to
11 the applicant.

12 Section 1790.10-L. Expiration.

13 No credits shall be approved under this subarticle for
14 taxable years beginning after December 31, 2035, unless
15 reauthorized by the General Assembly.

16 Section 2. Section 1791-L of the act is amended to read:
17 Section 1791-L. Definitions.

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

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

22 (1) A project facility as defined in section 1711-L.

23 (2) A project facility as defined in section 1731-L.

24 (3) A project facility as defined in section 1751-L.

25 (4) A project facility as defined in section 1771-L.

26 (5) An advanced clean manufacturing project facility as
27 defined in section 1790-L.

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

30 (1) A qualified taxpayer as defined in section 1711-L.

- 1 (2) A qualified taxpayer as defined in section 1731-L.
- 2 (3) A qualified taxpayer as defined in section 1751-L.
- 3 (4) A qualified taxpayer as defined in section 1771-L.
- 4 (5) A qualified taxpayer as defined in section 1790-L.

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