

# HOUSE OF REPRESENTATIVES

## DEMOCRATIC COMMITTEE BILL ANALYSIS

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<b>Bill No:</b>	HB1556 PN2625	<b>Prepared By:</b>	Shannon Snell (717) 783-1614, 6598
<b>Committee:</b>	Finance	<b>Executive Director:</b>	Mark Foreman
<b>Sponsor:</b>	Fiedler, Elizabeth		
<b>Date:</b>	11/19/2025		

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### **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 shared among the Department of Revenue, Department of Community and Economic Development, and Department 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 \$5 million.
- Capital investment: Not specified
- Total Annual Cap: \$25 Million
- Carryover: Up to 5 taxable years
- Sale/assignment allowed: Yes
- 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.
    - Clean iron.
    - Phase change material ceiling tile.
    - 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, clean glass, or clean iron with equipment designed to reduce greenhouse gas emissions at the facility by at least 50%.
- A "qualified taxpayer" is an entity subject to tax under one of the following, provide they own or operate an advanced clean manufacturing project facility within Pennsylvania:
  - Article III (Personal Income Tax).
  - Article IV (Corporate Net Income Tax).
  - Article VII (Bank and Trust Company Shares Tax).
  - Article VIII (Title Insurance Companies Shares Tax).

- Article XV (Mutual Thrift Institutions Tax).
- 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.
- An advanced clean manufacturing project must reduce greenhouse gas emissions at the project facility by at least 50%.
- Taxpayers interested in receiving the credit must execute a commitment letter with the Department of Revenue (DOR), by which the applicant agrees to complete an advanced clean manufacturing project, and in return, 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.
- A taxpayer may apply the credit to 20% of their qualified tax liability.
- DOR may authorize an additional application period if there are additional credits available.

**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.

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