



Pro-Growth, Pro-Jobs
Creating jobs and redeveloping infrastructure
with no new fees or taxes

Pennsylvania is poised for a renaissance in its manufacturing industry thanks to a natural resource and resourceful action through public-private initiatives designed to re-use industrial spaces and put people to work.

Let's look at "Energize PA" and how public-private cooperation and focus on economic development will invigorate our state economy and create the kind of jobs that sustain families.

HB1100: To attract large manufacturers to Pennsylvania, industries using PA methane in production will receive a tax credit. (Kaufer)

HB1101: Increases the Net Operating Loss deduction cap to encourage businesses to invest in growth and technology. (Mihalek)

HB1102: Generates and retains family-sustaining jobs and encourages capital investment in Pennsylvania's natural gas and manufacturing industries by creating 20 Keystone Energy Enhancement Zones whereby businesses will be eligible for state and local tax exemptions and credits for 10 years. (Kail)

HB1103: Makes low-cost gas energy available to residents, manufacturers and pad-ready sites by expanding the PIPE program. (Fritz)

HB1104: Creates a registry of abandoned manufacturing sites that will list all available properties for development, demonstrating that PA is open for business and wants new industry. (Toohil)

HB1105: Encourages brownfields cleanup and redevelopment by creating a streamlined permit process. (Nelson)

HB1106: Streamlines the approval of environmental permits and plans so that industries can get down to business without bureaucratic delays. (Puskaric)

HB1107: Creates an independent commission to deal solely with the DEP permit process. (O'Neal)

<p>1 Pennsylvania power and heating</p>		<ul style="list-style-type: none"> ▪ Build ~6,000 MW of new natural gas power in Pennsylvania ▪ Convert ~500,000 homes heating from fuel oil to natural gas ▪ Install ~2,200 MW of distributed combined heat and power 	
<p>2 Pennsylvania clusters</p>	<p>Petro-chemicals</p>		<ul style="list-style-type: none"> ▪ Build a world-class petrochemical hub with 3-5 ethane crackers, 3-5 PDH plants, 2-3 ammonia plants and inorganic chemical plants ▪ Expand into high-value specialty plastics manufacturing
	<p>Advanced materials</p>		<ul style="list-style-type: none"> ▪ Be the leading materials supplier for US northeast infrastructure growth (2-3% annual growth), harnessing historical strength in steel, aluminum, cement, and glass ▪ Establish the commercial hub of advanced materials technology (e.g., fiberglass, advanced cement) drawing on R&D leadership
	<p>Data-driven automated manufacturing</p>		<ul style="list-style-type: none"> ▪ Achieve national Top 3 position in data-hungry advanced manufacturing focusing on Pennsylvania leadership in robotics, artificial intelligence, and additive manufacturing ▪ Develop data center network (6-8 major centers) harnessing low-cost power, preparing for worldwide rollout of data-hungry Internet of Things
<p>3 Gas exports</p>		<ul style="list-style-type: none"> ▪ Expedite key pipelines to increase gas exports by 3.6 Tcf by 2025, ensuring stable gas production needed for Pennsylvania long-term competitiveness and investor confidence 	

HB 1100 (Kaufer)

- Mirrors the existing Pennsylvania Resource Manufacturing tax credit established during the 2012-13 budget for PA Ethane.
- Targets large manufacturers using PA methane in the production of ammonia, urea and methanol.
- HB 1100 establishes a credit of five cents per gallon of methane purchased to manufacture petrochemicals or fertilizers by a qualified taxpayer.
- A “qualified taxpayer” is a company that:
 - Makes a capital investment of at least \$1 billion to build and run the facility in PA; and
 - Creates at least 1,000 full time equivalent jobs during the construction phase to construct and operate the facility in PA.

House Bill 1101 -Mihalek

The bill increases the percentage rate cap for net loss deductions, otherwise known as net operating loss (NOL), an entity may carry forward.

As they build and grow, early stage companies often incur tax losses in their first few years of existence. Mature companies, which operate in industries that fluctuate with the business cycle can have significant loss years followed by years of profitability.

Net operating loss deductions are important for companies of all sizes because they offer a degree of taxpaying consistency for businesses that might experience significant profits during a boom cycle and significant losses during recession cycle.

It is also important to encourage companies to invest in technology or other aspects of the business that are required for growth. Set off and carry forward of losses is good for the long-term health of companies because it helps them even out their income while at the same time incentivizing them to invest in growth.

The current NOL is 40 %. HB 1101 increases that rate to 45% in taxable year 2020 and 50% in taxable year 2021.

HB 1102 (Kail)

- Promotes manufacturing, petrochemical and downstream business development;
- A resident of a zone or a qualified business is entitled to the applicable state tax exemptions, deductions, abatements, and credits for the duration of the zone designation. All tax benefits expire with the expirations of the KEEZ (2032). **Applicable state taxes include sales and use tax, personal income tax, corporate net income and capital stock and foreign franchise tax;**
- Creates up to **20 Keystone Energy Enhancement Zones**.
 - A zone must be comprised of deteriorated property and shall not exceed a total of 500 acres.
 - To qualify for KEEA tax exemptions, deductions, abatements or credits, a business must own or lease real property in a zone and actively conduct (or provide support and service to) a manufacturing business, petrochemical business, or downstream business.
- Requirement to work with (sub)contractors that provide apprenticeship programs during construction.

While only one ethane cracker has moved from conception to construction (Shell), several studies have suggested the region could sustain 3-5 world-class ethane crackers.



HB 1103 (Fritz)

Signed into law with enactment of the 2019 Fiscal Code.

Authorizes the Commonwealth Financing Authority (CFA) to award PIPE grants up to a maximum of \$1.5 million or 50% of the project costs, whichever is less.

Clarifies that no more than \$500,000 may be awarded for costs related to the tapping of upstream facilities.

HB 1103 further directs the CFA to develop streamlined guidelines for submitting applications to expediate applications for grants of \$75,000 or less.

Additionally, HB 1103 adds “large residential conversion projects” and “combined heat and power applications” to the list of approved recipients of PIPE funding.

HB 1104 (Toohil)



- The bill establishes an abandoned manufacturing sites registry under the Department of Community and Economic Development (DCED).
- **A one-stop shop to find the right property.**
- The registry must include:
 - The name and current owner of the abandoned manufacturing site;
 - The legal description of the site; and
 - A current description of the condition of the real property and a note as to whether the property is a brownfield site or is involved with the Land Recycling and Environmental Remediations Standards Act.

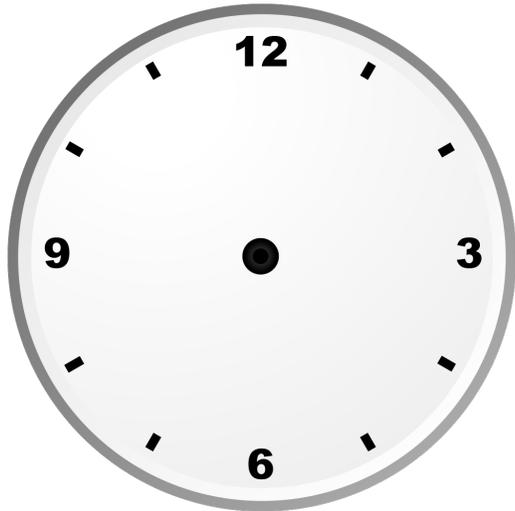
By creating this registry, the state is making it clear that PA is open for business and we have available sites open for development and repurposing.

HB 1105 (Nelson)

- **Passed the House 105-96**
- Creates a consolidated standards permit to make the permitting process efficient.
- A consolidated permit frees up businesses so they can get to work and creates an encouraging atmosphere by eliminating numerous, time-consuming permits.
- Provides further incentivize for businesses to remediate a site that may pose health and safety risks to residents.
- A company that acquires this permit is not required to obtain a permit, license, plan approval or other approval in connection with the remediation activity under the Clean Streams Law, the Air Pollution Control Act, the Solid Waste Management Act, the Infectious and Chemotherapeutic Waste Law; or the Storage Tank and Spill Prevent Action.



HB 1106 (Puskaric)



Expected to run in the Fall 2019

- Establishes a reasonable timeframe to which DEP must adhere for individual and general permits, as well as for general plan approvals.
- **30 days** – If no action the application is deemed approved, if administratively complete.
- Provides for ‘tolling’ to ensure days are not lost upon refiling.
- An applicant can have informal dispute resolution heard by a referee, and a timeline for compliance.
- Provides a process for applications deemed approved, and the ability for a professional engineer to sign an affidavit, under the penalty of perjury, as to the soundness of the application.

HB 1107- O'Neal

- Creates the Pennsylvania Permitting Commission
 - Five members appointed by the Governor, with Senate confirmation;
 - 10-year term;
 - Establishes qualifications, powers and duties of the appointed members and the Commission; and
 - Displaced employees would be interviewed for positions within the newly formed Commission.





Shell Cracker Plant – A Success Story!

- Represents one of the largest economic development projects in the US and one of the largest investments in PA since World War II;
- There are nearly 5,100 construction workers on site as they build to the 6,000 workers to fully build the facility;
- 60% of the workforce is local and 75% percent from the tri-state region;
- Shell has invested more than \$1.5 million to enhance education by funding a local STEM lab, partnering with the Pittsburgh Steelers;
- Currently has 65 minority/women owned businesses involved in construction;
- Shell has conducted outreach for local veterans and worked with the Community College of Beaver County to provide local training for those wishing to work at the operational facility.

Restore PA vs. Energize PA

- Restore PA proposes to implement a severance tax on the natural gas industry.
- PA already has an impact fee and last year it generated **an historic amount of money for communities: \$252 million!** County and municipal governments that host wells will receive \$135 million, and \$90 million will go to the Marcellus Legacy Fund. Since its implementation in 2012- the impact fee has generated almost \$1.7 billion.

*“We must be clear about what Restore PA really is:
\$6.5 billion of new debt
to burden the next generation of Pennsylvanians.”
-Speaker Turzai*

According to the U.S. Energy Information Administration:

- Pennsylvania's marketed natural gas production, primarily from the Marcellus Shale, reached 6.2 trillion cubic feet in 2018, making the state the nation's second-largest natural gas producer after Texas.
- About half of Pennsylvania households use natural gas as their primary home heating fuel, and its 49 underground gas storage sites--the most for any state--are key for meeting heating demand in the winter.
- From 2010 to 2018, Pennsylvania's share of electricity generated from natural gas more than doubled to 36%.

Potential for the industry:

- Natural gas from the tri-state region of Ohio, Pennsylvania and West Virginia is expected to see a 31 percent increase from this year's production numbers and supply 45 percent of the U.S.'s natural gas by 2040.
- PA has transitioned from producing just 20 percent of state consumption, to producing 20 percent of U.S. Natural Gas Demand.
- Gas utilities have lowered their natural gas cost anywhere from 51%-78% in PA. That equates to an average household savings of \$1,100-2200.