

Environment & Energy

Tax Credits for Natural Gas, Hydrogen Passed in Pennsylvania

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- Bill cleared state legislature and awaits governor
 - Millions for hydrogen, semiconductors, natural gas
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The natural gas industry, hydrogen hub development, and semiconductor manufacturers would have access to millions of dollars in new and expanded tax credits under a Pennsylvania bill that awaits Gov. Tom Wolf's signature.

The package, H.B. 1059, includes tax credits for clean hydrogen hubs, semiconductor and biomedical manufacturers, and biomedical research companies. The House passed it 139-59 and the Senate 41-8 on Wednesday.

Provisions in the package include an annual \$50 million from 2024 to 2043 for federally designated regional clean hydrogen hubs and a \$30 million increase spread over the next 25 years to existing tax credits for using natural gas to make petrochemicals or fertilizer.

It also will grant tax credits of \$20 million for five years toward semiconductor and biomedical manufacturing.

Wolf (D) hasn't indicated whether he will sign the measure. He "will review the bill when it gets to his desk," said his press secretary, Elizabeth Rementer.

Mark Szybist, senior attorney for the Climate and Clean Energy Program at Natural Resources Defense Council, said it was "a deeply flawed bill, chiefly because its new tax credits will provide massive financial support to petrochemical manufacturing and shale gas extraction unconditioned on either pollution limits or protections for communities where supported facilities will be located."

He added that the provision for a tax credit for clean hydrogen "represents a huge missed opportunity for the state to leverage recently enacted federal clean hydrogen programs. Instead, it includes a massive loophole under which a steel or cement plant that might otherwise be subsidized for utilizing clean hydrogen that meets federal standards, could tap a subsidy for shale gas for decades, perversely driving more carbon pollution—not less."

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