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THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1038 Session of 2025

INTRODUCED BY STEELE, HILL-EVANS, BRENNAN, PIELLI, MADDEN, RIVERA, McANDREW, GIRAL, OTTEN, SANCHEZ, KHAN AND CEPEDA-FREYTIZ, MARCH 25, 2025

REFERRED TO COMMITTEE ON ENVIRONMENTAL AND NATURAL RESOURCE PROTECTION, MARCH 25, 2025

AN ACT

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 tax credit and tax benefit administration, further providing for definitions; and providing for green roof tax credit.

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

Section 1. The definition of "tax credit" in section 1701-A.1 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, is amended by adding a paragraph to read:

Section 1701-A.1. Definitions.

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

* * *

"Tax credit." A tax credit authorized under any of the following:

* * *

(16.2) Article XIX-L.

* * *

Section 2. The act is amended by adding an article to read:

ARTICLE XIX-L

GREEN ROOF TAX CREDIT

Section 1901-L. Scope of article.

This article relates to a green roof tax credit.

Section 1902-L. Definitions.

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

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

"Eligible rooftop space." The total space available to support a green roof, as certified by a structural engineer.

"Green roof." An addition to a roof that supports living vegetation and includes a synthetic, high-quality waterproof membrane, drainage layer, soil layer and lightweight medium plants.

"Tax credit." The credit provided under this article.

"Tax liability." For a taxpayer who is an individual, taxes imposed under Article III and for all other taxpayers, taxes imposed under Articles III, IV and VI.

Section 1903-L. Application.

A business or individual seeking a tax credit must file an application with the department that includes the following:

(1) The address location of the proposed green roof.

(2) The total square footage of the rooftop.

(3) The total square footage of the eligible rooftop space.

(4) The total square footage of the proposed green roof.

(5) The total projected costs to construct the green roof.

(6) Proof that the applicant has received all required permits and approvals to construct the green roof, after first submitting to the local building code official the plans for the green roof and a written analysis conducted by a roof engineer that confirms and certifies the following:

(i) The condition of the roof is satisfactory for green roof construction.

(ii) The structural capacity of the roof would support the proposed green roof.

(iii) There is appropriate and safe access to the roof for maintenance purposes.

(iv) The weight of the proposed green roof is appropriate for the roof.

(v) The plans include appropriate irrigation and drainage measures.

Section 1904-L. Commitment agreement.

The department shall approve an application for a tax credit if the application contains all of the required information. After approval, the applicant must execute a commitment agreement with the department specifying the following:

(1) The plans for the green roof, as approved by the local building code official, which must provide for a green roof covering at least 50% of the building's rooftop or 75% of eligible rooftop space.

(2) The total projected costs for the construction of

the green roof.

(3) The maximum tax credit the applicant may claim.

(4) The applicant's commitment to maintain the green roof for a period of five years after the date of the roof's completion and the applicant's acknowledgment that if the taxpayer claims a tax credit and fails to incur the amount of qualified construction or maintenance costs for a green roof in that taxable year, the taxpayer shall repay to the Commonwealth the amount of the tax credit claimed under this article for the green roof.

Section 1905-L. Certification and credit.

(a) Credit.--After the applicant and the department have executed a commitment agreement, and upon certifying to the department the total costs actually incurred and proof of completion of the green roof in accordance with the plans set forth in the commitment agreement, the applicant may claim a credit against the tax liability of the applicant equal to 25% of all costs initially incurred to construct the green roof and for maintenance in the years after.

(b) Limitations.--

(1) The amount of tax credits awarded to an individual or business may not exceed $100,000 in any fiscal year.

(2) The tax credit shall be applied against the applicant's total tax liability subject to the tax credit for the fiscal year during which the applicant certifies the completion of the green roof.

(3) Any unused credits may be carried forward until fully used.

(4) The credit is not a refundable credit.

(5) The credit is nontransferable.

(c) Availability of tax credits.--Each fiscal year, $10,000,000 in tax credits shall be made available to the department and may be awarded by the department in accordance with this article.

Section 1906-L. Repayment of tax credits.

A business or individual that has received and taken the credit must repay the credit to the Commonwealth if the business or individual fails to maintain the green roof in accordance with the provisions of the commitment agreement.

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