



TO: The Honorable Members of the House Environmental Resources and Energy Committee

FROM: Kevin Sunday, Director, Government Affairs

DATE: June 5, 2023

RE: Oppose New Permitting Mandates and Changes to Energy Tax Credits – Vote No on HB 1215 and HB 652; Support Amendments to HR 131

On behalf of the Pennsylvania Chamber of Business and Industry, the largest, broad-based business advocacy organization in the Commonwealth, we respectfully urge you to **vote no on HB 1215 and HB 652**, which would significantly limit the applicability of state tax credits for hydrogen hubs and which would impose new permitting requirements on certain projects. We also urge an amendment to broaden the scope of HR 131, a resolution directing the Legislative Budget and Finance Committee to examine alleged lost revenues from the lack of a severance tax.

Investing in hydrogen production through various hubs in Pennsylvania and across the nation is a bipartisan energy and infrastructure policy with support from the Biden administration, Governor Shapiro, and members of both parties in Congress and the Pennsylvania General Assembly. HB 1215 would impede that bipartisan support for deployment of this technology in Pennsylvania by adding new and potentially unworkable criteria to the state tax credits, which is conditioned on the hubs being selected for federal support. Given these criteria also conflict with the criteria for federal support, it is likely that enactment of this legislation jeopardizes investment into carbon capture and hydrogen production in Pennsylvania. We urge a no vote.

We also respectfully urge a no vote on HB 652, which would impose additional criteria for new projects in economically depressed areas. Permitting new and expanded projects in Pennsylvania already takes a significant amount of time and resources, with additional new policies under development by state and federal regulators to address environmental justice. Further, economically depressed areas will not benefit from legislation that discourages investments in these communities. There is also already an expansive regulatory apparatus to protect public health in Pennsylvania. To highlight two such provisions, federal law requires the strictest level of air quality controls for new and expanded facilities of major sources of ozone precursors, and state law imposes strict liability for the replacement of impacted water supplies. We urge a no vote.

Finally, with respect to HR 131, the resolution as drafted neglects to advise the Legislative Budget and Finance Committee to holistically examine state and local tax receipts from economic impacts arising from shale gas development, including various permitting fees and taxes such as personal

income tax, sales tax, and corporate net income. We encourage the resolution to be amended to more accurately examine the full fiscal impact of energy development in Pennsylvania.

Thank you for your consideration of our positions on these bills. For any questions or comments, please reach out to Kevin Sunday, director of government affairs, at ksunday@pachamber.org or (717) 487-3571.