

HB 1100 (KAUFER) – FERTILIZER MANUFACTURING TAX CREDIT

Summary

- HB 1100 amends the Tax Reform Code by establishing an Energy and Fertilizer Manufacturing Tax Credit. The credit is equal to \$0.05 per gallon of qualified product that is purchased and used in the manufacturing of petrochemicals or fertilizers in this Commonwealth by a qualified taxpayer.
- The Department of Revenue is **opposed** to HB 1100 due to cost and technical issues. Additionally with existing programs and staff resources, the department could not handle the processing of tax credit sales for another large tax credit program as designed in HB 1100. Furthermore, the new tax credit program does not have a fiscal cap.

Fiscal Note:

HB 1100 PN 1593

TAX CREDIT FOR AMMONIA PRODUCTION USING METHANE

Estimated Ammonia Production Per Plant Per Year, Metric Tons ¹	1,460,000
Mm Btu of Natural Gas Required for Production ²	48,180,000
Mm Btu Methane Required for Production ³	45,241,020
Total Gallons of Methane Required for Productions ⁴	529,645,669
Total Annual Credit Per Manufacturing Plant (\$millions)	26.5

NOTES:

1/ Articles indicate daily production of Ammonia could be between 3,000 and 4,000 metric tons.

https://petrowiki.org/Gas_as_fertilizer_feedstock

<http://www.essentialchemicalindustry.org/chemicals/ammonia.html>

2/ Approximately 33 million British thermal units (mm Btu) of natural gas are needed to produce 1 ton of ammonia.

https://www.ers.usda.gov/webdocs/publications/40459/11717_wrs0702_1_.pdf?v=41057

3/ Natural gas is comprised of about 93.9% methane.

<https://www.uniongas.com/about-us/about-natural-gas/chemical-composition-of-natural-gas>

4/ 1 cubic foot natural gas = 0.012 gallons natural gas

<https://portal.ct.gov/DRS/Publications/Policy-Statements/1992/PS-92101-Tables-and-Equivalents-for-Natural-Gas-and-Propane-for-Motor-Vehicle-Fuels-Tax-Purposes>