

HOUSE BILL 20

Unofficial Copy  
Q3

2000 Regular Session  
(01r1424)

**ENROLLED BILL**

-- Ways and Means/Budget and Taxation --

Introduced by **Delegates Taylor, Dewberry, Hurson, Arnick, Busch, Guns, Harrison, Hixson, Howard, Kopp, Menes, Montague, Owings, Rawlings, Rosenberg, Vallario, and Wood Wood, W. Baker, Barkley, Barve, Bobo, Bohanan, Bozman, Bronrott, Brown, Cadden, Cane, Carlson, Clagett, Conway, D'Amato, DeCarlo, Donoghue, Doory, Dvpski, Finifter, Franchot, Frush, Giannetti, Goldwater, Griffith, Hammen, Healey, Hecht, Heller, Hubers, James, V. Jones, Klausmeier, Krysiak, Love, Malone, Mandel, Marriott, McHale, Mitchell, Moe, Patterson, Pendergrass, Petzold, Pitkin, Proctor, Rosso, Sophocleus, Stern, Turner, Valderrama, Weir, Zirkin, Bartlett, Conroy, Cryor, McKee, Phillips, Rudolph, and Shriver**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER 296

1 AN ACT concerning

2 **Maryland Clean Energy Efficient Technology Tax Incentive Act**

3 FOR the purpose of providing an exemption from the sales and use tax for certain  
4 appliances that meet or exceed certain applicable energy efficiency guidelines;  
5 providing an exemption from the sales and use tax for certain energy efficient  
6 heating and cooling equipment and fuel cell electric generating equipment;  
7 allowing a credit against the motor vehicle excise tax for certain qualified

1 electric vehicles and certain vehicles having an onboard rechargeable energy  
 2 storage system; providing for the distribution of certain sales and use tax  
 3 revenue to the Transportation Trust Fund of the State; allowing a credit against  
 4 the State income tax for certain costs of certain energy efficient property;  
 5 providing for calculation of the amount of the credit equipment that uses solar  
 6 energy to generate electricity or to heat or cool a structure or provide hot water  
 7 for use in a structure; allowing a credit against the State income tax for certain  
 8 electricity produced from certain qualified resources; providing for calculation of  
 9 the amount of the credit; providing for the carryover of certain unused credit to  
 10 certain taxable years; requiring the Motor Vehicle Administration and the  
 11 Maryland Energy Administration jointly to adopt certain regulations; requiring  
 12 the Maryland Energy Administration, in consultation with certain persons, to  
 13 develop certain voluntary labeling and public information materials; defining  
 14 certain terms; providing for the application and termination of this Act; and  
 15 generally relating to certain State income tax credits incentives for the cost of  
 16 certain energy-efficient property and for certain electricity produced from  
 17 certain qualified resources.

18 BY repealing and reenacting, with amendments,

19 Article - Tax - General  
 20 Section 2-1302.1  
 21 Annotated Code of Maryland  
 22 (1997 Replacement Volume and 1999 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article - Transportation  
 25 Section 3-215(b)(4) and 8-402(b)(5)  
 26 Annotated Code of Maryland  
 27 (1993 Replacement Volume and 1999 Supplement)

28 BY adding to

29 Article - Transportation  
 30 Section 13-815  
 31 Annotated Code of Maryland  
 32 (1999 Replacement Volume and 1999 Supplement)

33 BY adding to

34 Article - Tax - General  
 35 Section 10-718 and, 10-719, and 11-226  
 36 Annotated Code of Maryland  
 37 (1997 Replacement Volume and 1999 Supplement)

38 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 39 MARYLAND, That the Laws of Maryland read as follows:

## Article - Tax - General

1  
2 ~~40-718.~~

3 2-1302.1.

4 (A) After making the distributions required under §§ 2-1301 and 2-1302 of  
5 this subtitle, the Comptroller monthly shall distribute 45% of the sales and use tax  
6 collected on short-term vehicle rentals under § 11-104(c) of this article to the  
7 Transportation Trust Fund established under § 3-216 of the Transportation Article.

8 (B) ON RECEIPT OF THE MOTOR VEHICLE ADMINISTRATION'S CERTIFICATION  
9 UNDER § 13-815(F) OF THE TRANSPORTATION ARTICLE, FROM THE REMAINING SALES  
10 AND USE TAX REVENUE THE COMPTROLLER SHALL DISTRIBUTE TO THE  
11 TRANSPORTATION TRUST FUND AN AMOUNT EQUAL TO THE TOTAL AMOUNT OF  
12 CREDITS ALLOWED AGAINST THE MOTOR VEHICLE EXCISE TAX UNDER § 13-815 OF  
13 THE TRANSPORTATION ARTICLE FOR THE PRECEDING FISCAL YEAR.

14 11-226.

15 (A) THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF THE  
16 FOLLOWING ELECTRIC APPLIANCES THAT MEET OR EXCEED THE APPLICABLE  
17 ENERGY STAR EFFICIENCY REQUIREMENTS DEVELOPED BY THE UNITED STATES  
18 ENVIRONMENTAL PROTECTION AGENCY AND THE UNITED STATES DEPARTMENT OF  
19 ENERGY:

20 (1) A CLOTHES WASHER PURCHASED ON OR AFTER JULY 1, 2000, BUT  
21 BEFORE JULY 1, 2003;

22 (2) A ROOM AIR CONDITIONER PURCHASED ON OR AFTER JANUARY 1,  
23 2001, BUT BEFORE JULY 1, 2004; OR

24 (3) A STANDARD SIZE REFRIGERATOR PURCHASED ON OR AFTER JULY 1,  
25 2001, BUT BEFORE JULY 1, 2004.

26 (B) THE SALES AND USE TAX DOES NOT APPLY TO THE SALE, ON OR BEFORE  
27 JULY 1, 2004, OF:

28 (1) A FUEL CELL THAT:

29 (I) GENERATES ELECTRICITY AND HEAT USING AN  
30 ELECTROCHEMICAL PROCESS;

31 (II) HAS AN ELECTRICITY-ONLY GENERATION EFFICIENCY  
32 GREATER THAN 35%; AND

33 (III) HAS A GENERATING CAPACITY OF AT LEAST 2 KILOWATTS;

34 (2) A NATURAL GAS HEAT PUMP THAT HAS A COEFFICIENT OF  
35 PERFORMANCE OF AT LEAST 1.25 FOR HEATING AND AT LEAST 0.70 FOR COOLING;



~~1 HEAT PUMP, CENTRAL AIR CONDITIONER, OR ADVANCED NATURAL GAS WATER  
2 HEATER THAT MEETS THE REQUIREMENTS OF SUBSECTION (F) OF THIS SECTION.~~

3           (3)     "EXCISE TAX" MEANS THE TAX IMPOSED UNDER § 13-809 OF THIS  
4 SUBTITLE.

5           (4)     "MAXIMUM AVAILABLE POWER" MEANS THE MAXIMUM VALUE OF  
6 THE SUM OF THE HEAT ENGINE AND ELECTRIC DRIVE SYSTEM POWER OR OTHER  
7 NON-HEAT ENERGY CONVERSION DEVICES AVAILABLE FOR A DRIVER'S COMMAND  
8 FOR MAXIMUM ACCELERATION AT VEHICLE SPEEDS UNDER 75 MILES PER HOUR.

9           (5)     ~~"PHOTOVOLTAIC PROPERTY" MEANS SOLAR ENERGY PROPERTY  
10 THAT USES A SOLAR PHOTOVOLTAIC PROCESS TO GENERATE ELECTRICITY AND  
11 THAT MEETS APPLICABLE PERFORMANCE AND QUALITY STANDARDS AND  
12 CERTIFICATION REQUIREMENTS IN EFFECT AT THE TIME OF ACQUISITION OF THE  
13 PROPERTY, AS SPECIFIED BY THE MARYLAND ENERGY ADMINISTRATION.~~

14           (6)     (5)     "QUALIFIED ELECTRIC VEHICLE" HAS THE MEANING STATED IN  
15 § 30 OF THE INTERNAL REVENUE CODE.

16           (7)     ~~"QUALIFIED ENERGY PROPERTY" MEANS:~~

17                   (I)     ~~ENERGY EFFICIENT BUILDING PROPERTY;~~

18                   (II)    ~~SOLAR WATER HEATING PROPERTY; OR~~

19                   (III)   ~~PHOTOVOLTAIC PROPERTY.~~

20           (8)     (6)     "QUALIFIED HYBRID VEHICLE" MEANS AN AUTOMOBILE THAT:

21                   (I)     MEETS ALL APPLICABLE REGULATORY REQUIREMENTS ~~AND~~  
22 ~~THAT;~~

23                   (II)    MEETS THE CURRENT VEHICLE EXHAUST STANDARD SET  
24 UNDER THE NATIONAL LOW-EMISSION VEHICLE PROGRAM FOR  
25 GASOLINE-POWERED PASSENGER CARS; AND

26                   (III)   CAN DRAW PROPULSION ENERGY FROM BOTH OF THE  
27 FOLLOWING ON-BOARD SOURCES OF STORED ENERGY:

28                   (I)     1.     A CONSUMABLE FUEL GASOLINE OR DIESEL FUEL; AND

29                   (II)    2.     A RECHARGEABLE ENERGY STORAGE SYSTEM.

30           (9)     (4)     ~~"SOLAR ENERGY PROPERTY" MEANS EQUIPMENT THAT USES~~  
31 ~~SOLAR ENERGY:~~

32                   1.     ~~TO GENERATE ELECTRICITY;~~

33                   2.     ~~TO HEAT OR COOL A STRUCTURE OR PROVIDE HOT WATER~~  
34 ~~FOR USE IN A STRUCTURE; OR~~



1           (2)     SUBJECT TO THE LIMITATIONS UNDER SUBSECTIONS (C) AND (D) OF  
2 THIS SECTION, THE CREDIT ALLOWED UNDER THIS SECTION EQUALS 100% OF THE  
3 EXCISE TAX IMPOSED FOR A VEHICLE.

4           (3)     THE CREDIT ALLOWED UNDER THIS SECTION DOES NOT APPLY TO A  
5 VEHICLE TITLED ON OR AFTER JULY 1, 2004.

6     (C)     FOR A QUALIFIED ELECTRIC VEHICLE, THE CREDIT ALLOWED UNDER  
7 THIS SECTION MAY NOT EXCEED \$2,000.

8     (D)     (1)     FOR A QUALIFIED HYBRID VEHICLE THAT HAS A RECHARGEABLE  
9 ENERGY STORAGE SYSTEM THAT PROVIDES AT LEAST 5% OF THE VEHICLE'S  
10 MAXIMUM AVAILABLE POWER, SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,  
11 THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED:

12                   (I)     \$250 IF THE VEHICLE'S RECHARGEABLE ENERGY STORAGE  
13 SYSTEM PROVIDES AT LEAST 5% BUT LESS THAN 10% OF THE MAXIMUM AVAILABLE  
14 POWER;

15                   (II)    \$500 IF THE VEHICLE'S RECHARGEABLE ENERGY STORAGE  
16 SYSTEM PROVIDES AT LEAST 10% BUT LESS THAN 20% OF THE MAXIMUM AVAILABLE  
17 POWER;

18                   (III)   \$750 IF THE VEHICLE'S RECHARGEABLE ENERGY STORAGE  
19 SYSTEM THAT PROVIDES AT LEAST 20% BUT LESS THAN 30% OF THE MAXIMUM  
20 AVAILABLE POWER; OR

21                   (IV)    \$1,000 IF THE VEHICLE'S RECHARGEABLE ENERGY STORAGE  
22 SYSTEM THAT PROVIDES AT LEAST ~~30%~~ 30% OF THE MAXIMUM AVAILABLE POWER.

23           (2)     IF ~~THE A~~ QUALIFIED HYBRID VEHICLE ACTIVELY EMPLOYS A  
24 REGENERATIVE BRAKING SYSTEM THAT SUPPLIES TO THE RECHARGEABLE ENERGY  
25 STORAGE SYSTEM AT LEAST 20% OF THE ENERGY AVAILABLE FROM BRAKING IN A  
26 TYPICAL 60 MILES PER HOUR TO 0 MILES PER HOUR BRAKING EVENT, THE MAXIMUM  
27 CREDIT AMOUNT DETERMINED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL  
28 BE INCREASED BY:

29                   (I)     \$125 IF THE VEHICLE'S REGENERATIVE BRAKING SYSTEM  
30 SUPPLIES TO THE RECHARGEABLE ENERGY STORAGE SYSTEM AT LEAST 20% BUT  
31 LESS THAN 40% OF THE ENERGY AVAILABLE FROM BRAKING IN A TYPICAL 60 MILES  
32 PER HOUR TO 0 MILES PER HOUR BRAKING EVENT;

33                   (II)    \$250 IF THE VEHICLE'S REGENERATIVE BRAKING SYSTEM  
34 SUPPLIES TO THE RECHARGEABLE ENERGY STORAGE SYSTEM AT LEAST 40% BUT  
35 LESS THAN 60% OF THE ENERGY AVAILABLE FROM BRAKING IN A TYPICAL 60 MILES  
36 PER HOUR TO 0 MILES PER HOUR BRAKING EVENT; OR

37                   (III)   \$500 IF THE VEHICLE'S REGENERATIVE BRAKING SYSTEM  
38 SUPPLIES TO THE RECHARGEABLE ENERGY STORAGE SYSTEM AT LEAST 60% OF THE

1 ENERGY AVAILABLE FROM BRAKING IN A TYPICAL 60 MILES PER HOUR TO 0 MILES  
2 PER HOUR BRAKING EVENT.

3 ~~(E)~~ A CREDIT MAY NOT BE CLAIMED UNDER THIS SECTION:

4 (1) FOR A VEHICLE UNLESS THE VEHICLE IS REGISTERED IN THE STATE;

5 OR

6 ~~(2) BY AN ALTERNATIVE FUEL PROVIDER; OR~~

7 ~~(3) (2) FOR A QUALIFIED ELECTRIC VEHICLE UNLESS THE OWNER~~  
8 ~~HAS ALREADY MET OR EXCEEDED ANY STATE OR FEDERAL LAWS OR REGULATIONS~~  
9 ~~GOVERNING CLEAN-FUEL VEHICLE OR ELECTRIC VEHICLE PURCHASES APPLICABLE~~  
10 ~~DURING THE CALENDAR YEAR IN WHICH THE VEHICLE IS TITLED.~~

11 ~~(E)~~ (F) (1) THE MOTOR VEHICLE ADMINISTRATION AND THE MARYLAND  
12 ENERGY ADMINISTRATION JOINTLY SHALL ADOPT REGULATIONS TO ADMINISTER  
13 THE CREDIT UNDER THIS SECTION.

14 (2) THE REGULATIONS ADOPTED UNDER THIS SECTION SHALL SPECIFY  
15 THE TESTING AND CALCULATION PROCEDURES TO BE USED TO DETERMINE  
16 WHETHER A VEHICLE MEETS THE QUALIFICATIONS FOR A CREDIT UNDER THIS  
17 SECTION.

18 ~~(F)~~ (G) ON OR AFTER OCTOBER 1 OF EACH YEAR, THE MOTOR VEHICLE  
19 ADMINISTRATION SHALL CERTIFY TO THE COMPTROLLER THE TOTAL AMOUNT OF  
20 CREDITS ALLOWED UNDER THIS SECTION AGAINST THE EXCISE TAX FOR THE  
21 PRECEDING FISCAL YEAR.

22 ~~(3) A CREDIT IS NOT ALLOWED UNDER THIS SUBSECTION FOR A~~  
23 ~~VEHICLE:~~

24 ~~(4) THAT IS NOT TITLED AND REGISTERED IN THE STATE; OR~~

25 ~~(4) FOR WHICH A CREDIT IS ALLOWED UNDER SUBSECTION (C) OF~~  
26 ~~THIS SECTION.~~

27 ~~(4) THE MARYLAND ENERGY ADMINISTRATION SHALL ADOPT~~  
28 ~~REGULATIONS TO SPECIFY THE TESTING AND CALCULATION PROCEDURES TO BE~~  
29 ~~USED TO DETERMINE WHETHER A VEHICLE MEETS THE QUALIFICATIONS FOR A~~  
30 ~~CREDIT UNDER THIS SUBSECTION.~~

31 ~~(E)~~ (4) FOR AN INDIVIDUAL WHO PURCHASES A NEW, HIGHLY  
32 ENERGY EFFICIENT PRINCIPAL RESIDENCE DURING THE TAXABLE YEAR, THE  
33 CREDIT ALLOWED UNDER THIS SECTION INCLUDES AN AMOUNT EQUAL TO:

34 (4) \$1,000 IF THE PROPERTY QUALIFIES AS 30% PROPERTY AS  
35 DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION;

1                   (II)     \$1,500 IF THE PROPERTY QUALIFIES AS 40% PROPERTY AS  
2 ~~DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION; OR~~

3                   (III)    \$2,000 IF THE PROPERTY QUALIFIES AS 50% PROPERTY AS  
4 ~~DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION.~~

5                   (2)     ~~PROPERTY QUALIFIES AS A NEW, HIGHLY ENERGY EFFICIENT  
6 PRINCIPAL RESIDENCE UNDER THIS SUBSECTION IF:~~

7                   (I)     ~~THE PROPERTY IS LOCATED IN THE STATE;~~

8                   (II)    ~~THE ORIGINAL USE OF THE PROPERTY COMMENCES WITH THE  
9 TAXPAYER;~~

10                  (III)    ~~WITHIN 60 DAYS OF THE ORIGINAL USE, THE PROPERTY IS THE  
11 PRINCIPAL RESIDENCE OF THE TAXPAYER WITHIN THE MEANING OF § 121 OF THE  
12 INTERNAL REVENUE CODE; AND~~

13                  (IV)    ~~BEFORE THE ORIGINAL USE COMMENCES, AN INDIVIDUAL  
14 QUALIFIED TO DETERMINE COMPLIANCE CERTIFIES THE PROPERTY AS BEING 50%  
15 PROPERTY, 40% PROPERTY, OR 30% PROPERTY UNDER PARAGRAPH (3) OF THIS  
16 SUBSECTION.~~

17                  (3)     ~~FOR PURPOSES OF THIS SUBSECTION, PROPERTY IS 50% PROPERTY,  
18 40% PROPERTY, OR 30% PROPERTY IF THE PROJECTED ENERGY USAGE OF THE  
19 PROPERTY IS REDUCED BY AT LEAST 50%, 40%, OR 30%, RESPECTIVELY, COMPARED TO  
20 THE ENERGY USAGE OF A REFERENCE HOUSE THAT COMPLIES WITH MINIMUM  
21 STANDARD PRACTICE CALLED FOR UNDER THE 1995 MODEL ENERGY CODE, AS  
22 DETERMINED ACCORDING TO THE REQUIREMENTS SPECIFIED IN REGULATIONS  
23 ADOPTED BY THE MARYLAND ENERGY ADMINISTRATION.~~

24                  (4)     ~~A DETERMINATION OF COMPLIANCE MADE FOR THE PURPOSES OF  
25 THIS SUBSECTION SHALL BE FILED WITH THE MARYLAND ENERGY ADMINISTRATION  
26 WITHIN 1 YEAR OF THE DATE OF THE DETERMINATION AND SHALL INCLUDE THE  
27 TAXPAYER IDENTIFICATION NUMBER OF THE CERTIFIER, THE ADDRESS OF THE  
28 BUILDING IN COMPLIANCE, AND THE IDENTITY OF THE PERSON FOR WHOM THE  
29 DETERMINATION WAS PERFORMED.~~

30                  (5)     ~~THE MARYLAND ENERGY ADMINISTRATION SHALL ESTABLISH  
31 REQUIREMENTS FOR CERTIFICATION AND COMPLIANCE PROCEDURES AFTER  
32 EXAMINING THE REQUIREMENTS FOR ENERGY CONSULTANTS AND HOME ENERGY  
33 RATING PROVIDERS SPECIFIED BY THE MORTGAGE INDUSTRY NATIONAL  
34 ACCREDITATION PROCEDURES FOR HOME ENERGY RATING SYSTEMS.~~

35                  (6)     ~~AN INDIVIDUAL IS QUALIFIED TO DETERMINE COMPLIANCE FOR  
36 PURPOSES OF THIS SUBSECTION ONLY IF THE INDIVIDUAL IS RECOGNIZED BY AN  
37 ORGANIZATION CERTIFIED BY THE MARYLAND ENERGY ADMINISTRATION FOR SUCH  
38 PURPOSES.~~

1       (F)     (1)     FOR QUALIFIED ENERGY PROPERTY PLACED IN SERVICE DURING  
 2 THE TAXABLE YEAR, SUBJECT TO THE LIMITATIONS UNDER PARAGRAPH (2) OF THIS  
 3 SUBSECTION, THE CREDIT ALLOWED UNDER THIS SECTION INCLUDES, FOR EACH  
 4 UNIT:

5                   (I)     15% OF THE COST OF PHOTOVOLTAIC PROPERTY OR SOLAR  
 6 WATER HEATING PROPERTY;

7                   (II)    10% OF THE COST OF:

8                           1.     A FUEL CELL THAT:

9                               A.     GENERATES ELECTRICITY AND HEAT USING AN  
 10 ELECTROCHEMICAL PROCESS;

11                            B.     HAS AN ELECTRICITY ONLY GENERATION EFFICIENCY  
 12 GREATER THAN 35%; AND

13                            C.     HAS A MINIMUM GENERATING CAPACITY OF 5  
 14 KILOWATTS;

15                           2.     A NATURAL GAS HEAT PUMP THAT HAS A COEFFICIENT OF  
 16 PERFORMANCE OF AT LEAST 1.25 FOR HEATING AND AT LEAST 0.70 FOR COOLING;

17                           3.     AN ELECTRIC HEAT PUMP HOT WATER HEATER THAT  
 18 YIELDS AN ENERGY FACTOR OF AT LEAST 1.7;

19                           4.     AN ELECTRIC HEAT PUMP THAT HAS A HEATING SYSTEM  
 20 PERFORMANCE FACTOR OF AT LEAST 9 AND A COOLING SEASONAL ENERGY  
 21 EFFICIENCY RATIO OF AT LEAST 15;

22                           5.     A CENTRAL AIR CONDITIONER THAT HAS A COOLING  
 23 SEASONAL ENERGY EFFICIENCY RATIO OF AT LEAST 15; OR

24                           6.     AN ADVANCED NATURAL GAS WATER HEATER THAT HAS  
 25 AN ENERGY FACTOR OF AT LEAST 0.80; OR

26                   (III)    5% OF THE COST OF QUALIFIED ENERGY PROPERTY THAT IS  
 27 NOT DESCRIBED UNDER ITEM (II) OF THIS PARAGRAPH AND IS:

28                           1.     AN ELECTRIC HEAT PUMP THAT HAS A HEATING SYSTEM  
 29 PERFORMANCE FACTOR OF AT LEAST 7.5 AND A COOLING SEASONAL ENERGY  
 30 EFFICIENCY RATIO OF AT LEAST 13.5;

31                           2.     A CENTRAL AIR CONDITIONER THAT HAS A COOLING  
 32 SEASONAL ENERGY EFFICIENCY RATIO OF AT LEAST 13.5; OR

33                           3.     AN ADVANCED NATURAL GAS WATER HEATER THAT HAS  
 34 AN ENERGY FACTOR OF AT LEAST 0.65.

35                   (2)     THE CREDIT ALLOWED UNDER THIS SUBSECTION MAY NOT EXCEED:

1 (I) \$1,000 FOR EACH SYSTEM FOR PHOTOVOLTAIC PROPERTY;

2 (II) \$500 FOR EACH SYSTEM FOR SOLAR WATER HEATING  
3 PROPERTY;

4 (III) \$250 FOR EACH KILOWATT OF CAPACITY FOR A FUEL CELL  
5 DESCRIBED IN PARAGRAPH (1)(II)1 OF THIS SUBSECTION;

6 (IV) \$500 FOR EACH UNIT FOR A NATURAL GAS HEAT PUMP  
7 DESCRIBED IN PARAGRAPH (1)(II)2 OF THIS SUBSECTION;

8 (V) \$250 FOR EACH UNIT FOR AN ELECTRIC HEAT PUMP HOT  
9 WATER HEATER, ELECTRIC HEAT PUMP, CENTRAL AIR CONDITIONER, OR ADVANCED  
10 NATURAL GAS WATER HEATER DESCRIBED IN PARAGRAPH (1)(II)3 THROUGH 6 OF  
11 THIS SUBSECTION; OR

12 (VI) \$125 FOR EACH UNIT FOR AN ELECTRIC HEAT PUMP, CENTRAL  
13 AIR CONDITIONER, OR ADVANCED NATURAL GAS WATER HEATER DESCRIBED IN  
14 PARAGRAPH (1)(III) OF THIS SUBSECTION.

15 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
16 read as follows:

17 **Article - Tax - General**

18 10-718.

19 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
20 INDICATED.

21 (2) "PHOTOVOLTAIC PROPERTY" MEANS SOLAR ENERGY PROPERTY  
22 THAT USES A SOLAR PHOTOVOLTAIC PROCESS TO GENERATE ELECTRICITY AND  
23 THAT MEETS APPLICABLE PERFORMANCE AND QUALITY STANDARDS AND  
24 CERTIFICATION REQUIREMENTS IN EFFECT AT THE TIME OF ACQUISITION OF THE  
25 PROPERTY, AS SPECIFIED BY THE MARYLAND ENERGY ADMINISTRATION.

26 (3) (I) "SOLAR ENERGY PROPERTY" MEANS EQUIPMENT THAT USES  
27 SOLAR ENERGY:

28 1. TO GENERATE ELECTRICITY;

29 2. TO HEAT OR COOL A STRUCTURE OR PROVIDE HOT WATER  
30 FOR USE IN A STRUCTURE; OR

31 3. TO PROVIDE SOLAR PROCESS HEAT.

32 (II) "SOLAR ENERGY PROPERTY" DOES NOT INCLUDE A SWIMMING  
33 POOL, HOT TUB, OR ANY OTHER ENERGY STORAGE MEDIUM THAT HAS A FUNCTION  
34 OTHER THAN STORAGE.

1           (4)     "SOLAR WATER HEATING PROPERTY" MEANS SOLAR ENERGY  
2 PROPERTY THAT:

3                   (I)     WHEN INSTALLED IN CONNECTION WITH A STRUCTURE, USES  
4 SOLAR ENERGY FOR THE PURPOSE OF PROVIDING HOT WATER FOR USE WITHIN THE  
5 STRUCTURE; AND

6                   (II)    MEETS APPLICABLE PERFORMANCE AND QUALITY STANDARDS  
7 AND CERTIFICATION REQUIREMENTS IN EFFECT AT THE TIME OF ACQUISITION OF  
8 THE PROPERTY, AS SPECIFIED BY THE MARYLAND ENERGY ADMINISTRATION.

9     (B)     AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST THE  
10 STATE INCOME TAX FOR A TAXABLE YEAR AS PROVIDED IN THIS SECTION FOR THE  
11 COSTS OF SOLAR WATER HEATING PROPERTY OR PHOTOVOLTAIC PROPERTY PLACED  
12 IN SERVICE DURING THE TAXABLE YEAR.

13     (C)     (1)     SUBJECT TO THE LIMITATIONS UNDER PARAGRAPH (2) OF THIS  
14 SUBSECTION, THE CREDIT ALLOWED UNDER THIS SECTION INCLUDES 15% OF THE  
15 TOTAL INSTALLED COST OF PHOTOVOLTAIC PROPERTY OR SOLAR WATER HEATING  
16 PROPERTY.

17           (2)     THE CREDIT ALLOWED UNDER THIS SUBSECTION MAY NOT EXCEED:

18                   (I)     \$2,000 FOR EACH SYSTEM FOR PHOTOVOLTAIC PROPERTY; AND

19                   (II)    \$1,000 FOR EACH SYSTEM FOR SOLAR WATER HEATING  
20 PROPERTY.

21     ~~(G)~~   (D)     (1)     THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS  
22 SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR  
23 THAT TAXABLE YEAR, CALCULATED BEFORE APPLICATION OF THE CREDITS UNDER  
24 THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER  
25 APPLICATION OF THE OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.

26           (2)     THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY  
27 NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

28     ~~(H)~~   (E)     EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, FOR PURPOSES OF  
29 DETERMINING MARYLAND TAXABLE INCOME, THE BASIS OF PROPERTY WITH  
30 RESPECT TO WHICH THE CREDIT UNDER THIS SECTION IS ALLOWED SHALL BE ITS  
31 BASIS FOR FEDERAL INCOME TAX PURPOSES.

32     ~~(I)~~   (F)     THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED FOR  
33 PROPERTY PLACED IN SERVICE;

34           (1)     BEFORE JULY 1, 2000; OR

35           (2)     AFTER DECEMBER 31, 2004.

1 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
 2 read as follows:

3 Article - Tax - General

4 10-719.

5 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
 6 INDICATED.

7 (2) (I) EXCEPT AS PROVIDED IN ~~SUBPARAGRAPH (II)~~ SUBPARAGRAPHS  
 8 (II) AND (III) OF THIS PARAGRAPH, "QUALIFIED ENERGY RESOURCES" HAS THE  
 9 MEANING STATED IN § 45 OF THE INTERNAL REVENUE CODE.

10 (II) "QUALIFIED ENERGY RESOURCES" INCLUDES ANY SOLID,  
 11 NONHAZARDOUS, CELLULOSIC WASTE MATERIAL THAT IS SEGREGATED FROM  
 12 OTHER WASTE MATERIALS AND IS DERIVED FROM:

13 1. ANY OF THE FOLLOWING FOREST-RELATED RESOURCES,  
 14 NOT INCLUDING OLD-GROWTH TIMBER:

15 A. MILL RESIDUES;

16 B. ~~PRECOMMERCIAL~~ PRE-COMMERCIAL THINNINGS;

17 C. SLASH; OR

18 D. BRUSH;

19 2. WASTE PALLETS, CRATES, AND DUNNAGE AND  
 20 LANDSCAPE OR RIGHT-OF-WAY TRIMMINGS, NOT INCLUDING UNSEGREGATED  
 21 MUNICIPAL SOLID WASTE AND POST-CONSUMER WASTE PAPER; OR

22 3. AGRICULTURAL SOURCES, INCLUDING ORCHARD TREE  
 23 CROPS, VINEYARD, GRAIN, LEGUMES, SUGAR, AND OTHER CROP BY-PRODUCTS OR  
 24 RESIDUES.

25 ~~(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPHS (II) AND (III) OF THIS~~  
 26 ~~PARAGRAPH, "QUALIFIED MARYLAND FACILITY" MEANS A QUALIFIED FACILITY, AS~~  
 27 ~~DEFINED IN § 45 OF THE INTERNAL REVENUE CODE, THAT IS LOCATED IN THE STATE.~~

28 ~~(II) "QUALIFIED MARYLAND FACILITY" DOES NOT INCLUDE ANY~~  
 29 ~~FACILITY ORIGINALLY PLACED IN SERVICE BEFORE JANUARY 1, 2001.~~

30 ~~(III) "QUALIFIED MARYLAND FACILITY" INCLUDES A FACILITY~~  
 31 ~~THAT:~~

32 1. ~~USES BIOMASS DESCRIBED IN PARAGRAPH (2)(II) OF THIS~~  
 33 ~~SUBSECTION TO PRODUCE ELECTRICITY;~~

34 2. ~~IS OWNED BY THE TAXPAYER; AND~~



1 (II) SOLD BY THE TAXPAYER INDIVIDUAL OR CORPORATION TO AN  
 2 UNRELATED PERSON A PERSON OTHER THAN A RELATED PERSON, WITHIN THE  
 3 MEANING OF § 45 OF THE INTERNAL REVENUE CODE, DURING THE TAXABLE YEAR.

4 (2) IF THE ELECTRICITY IS PRODUCED FROM BIOMASS A QUALIFIED  
 5 ENERGY RESOURCE THAT IS CO-FIRED AT A FACILITY THAT PRODUCES ELECTRICITY  
 6 FROM COAL, THE CREDIT IS 0.05 0.5 CENTS FOR EACH KILOWATT HOUR OF  
 7 ELECTRICITY PRODUCED FROM THE QUALIFIED ENERGY RESOURCE INSTEAD OF  
 8 0.85 CENTS.

9 (C) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE STATE  
 10 INCOME TAX, ANY UNUSED CREDIT MAY BE CARRIED FORWARD AND APPLIED FOR  
 11 SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

12 (1) THE FULL AMOUNT OF THE CREDIT IS USED; OR

13 (2) THE EXPIRATION OF THE 10TH TAXABLE YEAR AFTER THE TAXABLE  
 14 YEAR IN WHICH THE CREDIT AROSE.

15 ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect~~  
 16 ~~July 1, 2000 and shall be applicable to all taxable years beginning after December 31,~~  
 17 ~~2000 but before January 1, 2005. It shall remain effective for a period of 5 years and,~~  
 18 ~~at the end of June 30, 2005, with no further action required by the General Assembly,~~  
 19 ~~this Act shall be abrogated and of no further force and effect.~~

20 SECTION 4. AND BE IT FURTHER ENACTED, That the Maryland Energy  
 21 Administration, in consultation with manufacturers, retailers, and public interests  
 22 groups, shall develop voluntary labeling and public information materials to identify  
 23 products eligible for the tax incentives provided under this Act.

24 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
 25 be applicable to all taxable years beginning after December 31, 1999.

26 SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall  
 27 be applicable to all taxable years beginning after December 31, 2000.

28 SECTION 7. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 29 July 1, 2000.