
By: **Delegates McMillan, V. Clagett, Costa, Hubbard, Leopold, Montgomery,
Niemann, Smigiel, and Trueschler**

Introduced and read first time: February 10, 2005

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Repeal of Tax Subsidies for Purchase of Maryland-Mined Coal - Dedication**
3 **of Revenue to Program Open Space**

4 FOR the purpose of repealing certain tax subsidies given to certain public service
5 companies, electricity suppliers, and cogenerators for the purchase of
6 Maryland-mined coal; requiring the State Department of Assessments and
7 Taxation to distribute certain revenue to a special fund to be allocated to certain
8 programs and funds; providing for the application of this Act; and generally
9 relating to the repeal of certain tax subsidies allowed for the purchase of
10 Maryland-mined coal.

11 BY repealing and reenacting, with amendments,
12 Article - Tax - General
13 Section 8-406 and 8-408
14 Annotated Code of Maryland
15 (2004 Replacement Volume)

16 BY repealing
17 Article - Tax - General
18 Section 10-704.1
19 Annotated Code of Maryland
20 (2004 Replacement Volume)

21 BY repealing and reenacting, without amendments,
22 Article - Tax - Property
23 Section 13-209(d) and (e)
24 Annotated Code of Maryland
25 (2001 Replacement Volume and 2004 Supplement)

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

1

Article - Tax - General

2 8-406.

3 (a) A public service company may claim a credit against the public service
4 company franchise tax equal to the estimated tax paid under § 8-405(b) of this
5 subtitle.

6 [(b) A public service company, including any multijurisdictional public service
7 company, may claim a credit against the public service company franchise tax in the
8 amount of \$3 for each ton of Maryland-mined coal that the public service company
9 purchased in the calendar year.]

10 [(c)] (B) (1) To prevent actual multiple taxation of the sale of interstate long
11 distance telecommunications service, a long distance telecommunications company,
12 upon proof that it has paid a properly due excise, sales and use, or gross receipts tax
13 in another state on a sale the gross receipts from which are subject to taxation under
14 this subtitle, shall be allowed a credit against the public service company franchise
15 tax for the amount paid.

16 (2) The credit permitted under this subsection may not exceed the tax
17 imposed under this subtitle.

18 8-408.

19 The Department shall:

20 (1) administer the laws that relate to the public service company
21 franchise tax;

22 (2) adopt reasonable regulations to administer the provisions of laws
23 that relate to the public service company franchise tax;

24 (3) design the returns and forms that, on completion, provide the
25 information required for the administration of the public service company franchise
26 tax laws;

27 (4) collect the public service company franchise tax revenue, including
28 penalties and interest;

29 (5) (I) **DISTRIBUTE \$14,700,000 OF THE PUBLIC SERVICE COMPANY**
30 **FRANCHISE TAX REVENUE TO THE COMPTROLLER FOR DEPOSIT IN THE SPECIAL**
31 **FUND ESTABLISHED UNDER § 13-209 OF THE TAX - PROPERTY ARTICLE, TO BE**
32 **ALLOCATED AS PROVIDED UNDER § 13-209(D) OF THE TAX - PROPERTY ARTICLE; AND**

33 (II) [pay that] **DISTRIBUTE THE REMAINING** revenue into the
34 **General Fund of the State; and**

35 (6) certify to the Comptroller that revenue.

1 [10-704.1.

2 (a) (1) In this section the following words have the meanings indicated.

3 (2) "Cogenerator" means a qualifying cogenerator or qualifying small
4 power producer as determined by the Federal Energy Regulatory Commission under
5 the Public Utility Regulatory Policies Act of 1978.

6 (3) "Electricity supplier" has the meaning stated in § 1-101 of the Public
7 Utility Companies Article.

8 (b) This section does not apply to:

9 (1) a cogenerator or electricity supplier that is subject to the public
10 service company franchise tax; or

11 (2) an electricity supplier that, before July 1, 1999, was not an electric
12 company as defined in § 1-101 of the Public Utility Companies Article as in effect on
13 June 30, 1999, unless the electricity supplier is an affiliate of such an electric
14 company.

15 (c) A cogenerator or electricity supplier may claim a credit against the State
16 income tax in the amount of \$3 for each ton of Maryland-mined coal that the
17 cogenerator or electricity supplier purchased in the taxable year.

18 (d) (1) A cogenerator or electricity supplier may only apply the credit
19 against the State income tax for the taxable year in which the credit was earned.

20 (2) The amount of the credit may not exceed the State income tax for
21 that taxable year.]

22 **Article - Tax - Property**

23 13-209.

24 (d) Subject to subsection (e) of this section, for the fiscal year beginning July 1,
25 2002 and for each subsequent fiscal year, the balance of the revenue in the special
26 fund, not required under subsection (b) of this section and not allocated to the General
27 Fund under subsection (c)(1) of this section shall be allocated in the State budget as
28 follows:

29 (1) (i) 75.15% for the purposes specified in Title 5, Subtitle 9 of the
30 Natural Resources Article (Program Open Space); and

31 (ii) an additional 1% for Program Open Space, for land acquisition
32 purposes as specified in § 5-903(a)(2) of the Natural Resources Article;

33 (2) 17.05% for the Agricultural Land Preservation Fund established
34 under § 2-505 of the Agriculture Article;

1 (3) 5% for the Rural Legacy Program established under § 5-9A-01 of the
2 Natural Resources Article; and

3 (4) 1.8% for the Heritage Conservation Fund established under § 5-1501
4 of the Natural Resources Article.

5 (e) The sums allocated in subsection (d) of this section may not revert to the
6 General Fund of the State.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 July 1, 2005, and shall be applicable to all taxable years beginning after December 31,
9 2004.