CHAPTER 132

(House Bill 377)

AN ACT concerning

Solar and Geothermal Tax Incentive and Grant Program

FOR the purpose of altering the grant amounts awarded under the Solar Energy Grant Program and the Geothermal Heat Pump Grant Program in the Maryland Energy Administration; authorizing the Administration to adjust the grant amounts under the programs under certain circumstances; exempting from the sales and use tax a sale of certain geothermal equipment and solar energy equipment; exempting from the State and local property tax certain geothermal property and solar energy property; requiring that certain geothermal property be assessed at no more than a certain value; defining certain terms; repealing a certain State property tax exemption; providing for the application of certain provisions of this Act; and generally relating to State and local solar and geothermal energy incentives.

BY repealing and reenacting, with amendments,
Article – State Government
Section 9–2007 and 9–2008
Annotated Code of Maryland
(2004 Replacement Volume and 2007 Supplement)

BY adding to
Article – Tax – General
Section 11–230
Annotated Code of Maryland
(2004 Replacement Volume and 2007 Supplement)

BY adding to
Article – Tax – Property
Section 7–242
Annotated Code of Maryland
(2007 Replacement Volume)

BY repealing
Article – Tax – Property
Section 7–308
Annotated Code of Maryland
(2007 Replacement Volume)

BY repealing and reenacting, with amendments,
SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – State Government

9–2007.

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

(2) “INSTALLED ELECTRICITY GENERATION CAPACITY” MEANS THE MAXIMUM DIRECT CURRENT POWER OUTPUT IN WATTS OF THE ARRAY OF PHOTOVOLTAIC MODULES RATED UNDER STANDARD TEST CONDITION.

[(2)] (3) “Photovoltaic property” means solar energy property WITH AN INSTALLED ELECTRICITY GENERATION CAPACITY OF 20 KILOWATTS OR LESS that uses a solar photovoltaic process to generate electricity and that meets applicable performance and quality standards and certification requirements in effect at the time of acquisition of the property, as specified by the Maryland Energy Administration.

[(3)] (4) “Program” means the Solar Energy Grant Program.

[(4)] (5) (i) “Solar energy property” means equipment that uses solar energy:

1. to generate electricity;

2. to heat or cool a structure or provide hot water for use in a structure; or

3. to provide solar process heat.

(ii) “Solar energy property” does not include a swimming pool, hot tub, or any other energy storage medium that has a function other than storage.

[(5)] (6) “Solar water heating property” means solar energy property that:

(i) when installed in connection with a structure, uses solar energy for the purpose of providing hot water for use within the structure; and
(ii) meets applicable performance and quality standards and certification requirements in effect at the time of acquisition of the property, as specified by the Maryland Energy Administration.

(b) There is a Solar Energy Grant Program in the Administration.

(c) The purpose of the Program is to provide grants to individuals, local governments, and businesses for a portion of the costs of acquiring and installing photovoltaic property and solar water heating property.

(d) The Administration shall:

(1) administer the Program;

(2) establish application procedures for the Program; and

(3) award grants from the Program.

(e) A grant awarded under the Program may not exceed:

(1) for photovoltaic property installed on residential property, the lesser of [$3,000 or 20% of the total installed cost of the photovoltaic property] $2,500 PER KILOWATT OF INSTALLED ELECTRICITY GENERATION CAPACITY OR $10,000; AND

(2) for photovoltaic property installed on nonresidential property, the lesser of $5,000 or 20% of the total installed cost of the photovoltaic property; and

(3) for solar water heating property, the lesser of [$2,000 or 20%] $3,000 OR 30% of the total installed cost of the solar water heating property.

(F) SUBJECT TO THE LIMITATIONS IN SUBSECTION (E) OF THIS SECTION, THE ADMINISTRATION MAY ADJUST THE GRANT AMOUNTS UNDER THE PROGRAM TO REFLECT MARKET CONDITIONS AND THE PREVAILING PRICES OF PHOTOVOLTAIC PROPERTY AND SOLAR WATER HEATING PROPERTY.


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

(2) “Geothermal heat pump” means a heating and cooling device that is installed using ground loop technology.

(3) “Program” means the Geothermal Heat Pump Grant Program.
(4) “T O N” MEANS 1 STANDARD TON OF REFRIGERATION EQUAL TO 12,000 BRITISH THERMAL UNITS OF HEAT REMOVAL PER HOUR.

(b) There is a Geothermal Heat Pump Grant Program in the Administration.

(c) The purpose of the Program is to provide grants to individuals for a portion of the cost of acquiring and installing a geothermal heat pump.

(d) The Administration shall:

(1) administer the Program;

(2) establish application procedures for the Program; and

(3) award grants from the Program.

(e) A grant awarded under the Program may not exceed [$1,000] THE LESSER OF:

(1) $1,000 PER TON OR $3,000 FOR A RESIDENTIAL SYSTEM; AND

(2) $1,000 PER TON OR $10,000 FOR A NONRESIDENTIAL SYSTEM.

(F) SUBJECT TO THE LIMITATIONS IN SUBSECTION (E) OF THIS SECTION, THE ADMINISTRATION MAY ADJUST THE GRANT AMOUNTS UNDER THE PROGRAM TO REFLECT MARKET CONDITIONS AND THE PREVAILING PRICES OF GEOTHERMAL HEAT PUMP SYSTEMS.

Article – Tax – General

11–230.

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

(2) “GEOTHERMAL EQUIPMENT” MEANS EQUIPMENT THAT USES GROUND LOOP TECHNOLOGY TO HEAT AND COOL A STRUCTURE.

(3) (1) “SOLAR ENERGY EQUIPMENT” MEANS EQUIPMENT THAT USES SOLAR ENERGY TO HEAT OR COOL A STRUCTURE, GENERATE ELECTRICITY TO BE USED IN A STRUCTURE, OR PROVIDE HOT WATER FOR USE IN A STRUCTURE.
(II) “SOLAR ENERGY EQUIPMENT” does not include equipment that is part of a nonsolar energy system or that uses any type of recreational facility or equipment as a storage medium.

(B) The sales and use tax does not apply to a sale of geothermal equipment or solar energy equipment.

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

Article – Tax – Property

7–242.

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

(2) “GEOTHERMAL PROPERTY” MEANS A DEVICE THAT IS INSTALLED USING GROUND LOOP TECHNOLOGY TO HEAT AND COOL A STRUCTURE.

(3) “SOLAR ENERGY PROPERTY” MEANS EQUIPMENT THAT IS INSTALLED TO USE SOLAR ENERGY TO HEAT OR COOL A STRUCTURE, GENERATE ELECTRICITY TO BE USED IN THE A STRUCTURE, OR PROVIDE HOT WATER FOR USE IN THE A STRUCTURE.

(B) GEOTHERMAL PROPERTY OR EXCEPT AS PROVIDED IN § 8–240 OF THIS ARTICLE, SOLAR ENERGY PROPERTY IS NOT SUBJECT TO REAL PROPERTY TAX.

[7–308.

(a) In this section, “dwelling” has the meaning stated in § 9–105 of this article.

(b) Real property is not subject to the State property tax if the property is a solar energy device installed to heat or cool a dwelling, generate electricity to be used in the dwelling, or provide hot water for use in the dwelling.]

8–240.

(a) If no conventional heating and cooling system exists in a building, a solar energy OR GEOTHERMAL heating and cooling system shall be assessed to the owner of the real property on which it is located at not more than the value of a conventional system.
(b) If a solar energy OR GEOTHERMAL heating and cooling system is installed in addition to a conventional system in a building, the combined system may be assessed to the owner of the real property on which it is located at not more than the value of the conventional system.

SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be applicable to all taxable years beginning after June 30, 2008.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2008.

Approved by the Governor, April 24, 2008.