

HOUSE BILL 1198

Q3

3lr2134

By: **Delegates Myers, Aumann, Bates, Beitzel, Cluster, Eckardt, Elliott, Frank, Haddaway-Riccio, Hogan, Hough, McComas, McDermott, W. Miller, Ready, Serafini, Smigiel, and Stocksdale**

Introduced and read first time: February 8, 2013

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Renewable Energy Systems**

3 FOR the purpose of allowing an individual or a corporation to claim a credit against
4 the State income tax for a certain portion of the cost of a renewable energy
5 system; requiring a renewable energy system for which a credit is claimed to
6 satisfy certain requirements; providing that the amount of the credit may not
7 exceed the State income tax for a taxable year; authorizing an individual or a
8 corporation to apply any excess amount of the credit against the State income
9 tax for succeeding taxable years; requiring the Comptroller to adopt certain
10 regulations; defining certain terms; providing for the application of this Act; and
11 generally relating to an income tax credit for renewable energy systems.

12 BY adding to

13 Article – Tax – General

14 Section 10–719

15 Annotated Code of Maryland

16 (2010 Replacement Volume and 2012 Supplement)

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

19 **Article – Tax – General**

20 **10–719.**

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(2) “COST” MEANS THE COST OF PURCHASING AND INSTALLING A**
2 **RENEWABLE ENERGY SYSTEM, INCLUDING THE COST OF LABOR REQUIRED TO**
3 **PREPARE, ASSEMBLE, OR INSTALL THE SYSTEM.**

4 **(3) “FUEL CELL SYSTEM” MEANS PROPERTY THAT:**

5 **(I) MEETS THE DEFINITION IN § 48(C)(1)(A) AND (C) OF**
6 **THE INTERNAL REVENUE CODE; AND**

7 **(II) GENERATES ELECTRICITY FOR USE IN A STRUCTURE.**

8 **(4) “GEOTHERMAL HEAT PUMP SYSTEM” MEANS PROPERTY**
9 **THAT:**

10 **(I) USES THE GROUND OR GROUND WATER AS A THERMAL**
11 **ENERGY SOURCE TO HEAT A STRUCTURE OR AS A THERMAL ENERGY SINK TO**
12 **COOL A STRUCTURE; AND**

13 **(II) MEETS THE REQUIREMENTS OF THE FEDERAL ENERGY**
14 **STAR PROGRAM THAT ARE IN EFFECT AT THE TIME THAT THE PROPERTY IS**
15 **PURCHASED.**

16 **(5) “RENEWABLE ENERGY SYSTEM” MEANS:**

17 **(I) A FUEL CELL SYSTEM;**

18 **(II) A GEOTHERMAL HEAT PUMP SYSTEM;**

19 **(III) A SOLAR ELECTRIC SYSTEM;**

20 **(IV) A SOLAR WATER HEATING SYSTEM; OR**

21 **(V) A WIND ENERGY SYSTEM.**

22 **(6) “SOLAR ELECTRIC SYSTEM” MEANS PROPERTY THAT USES**
23 **SOLAR ENERGY TO GENERATE ELECTRICITY FOR USE IN A STRUCTURE.**

24 **(7) “SOLAR WATER HEATING SYSTEM” MEANS PROPERTY THAT**
25 **USES SOLAR ENERGY TO HEAT WATER FOR USE IN A STRUCTURE.**

26 **(8) “WIND ENERGY SYSTEM” MEANS PROPERTY THAT USES A**
27 **WIND TURBINE TO GENERATE ELECTRICITY FOR USE IN A STRUCTURE.**

1 **(B) AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST**
2 **THE STATE INCOME TAX AS PROVIDED IN THIS SECTION EQUAL TO 15% OF THE**
3 **COST OF A RENEWABLE ENERGY SYSTEM PLACED IN SERVICE DURING THE**
4 **TAXABLE YEAR.**

5 **(C) THE CREDIT MAY BE CLAIMED ONLY FOR A RENEWABLE ENERGY**
6 **SYSTEM:**

7 **(1) INSTALLED ON PROPERTY LOCATED IN THE STATE; AND**

8 **(2) IN OPERATION BY DECEMBER 31 OF THE YEAR FOR WHICH**
9 **THE CREDIT IS CLAIMED.**

10 **(D) (1) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS**
11 **SECTION FOR A TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR**
12 **THAT TAXABLE YEAR, CALCULATED BEFORE APPLICATION OF THE CREDITS**
13 **UNDER THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE BUT**
14 **AFTER APPLICATION OF THE OTHER CREDITS ALLOWABLE UNDER THIS**
15 **SUBTITLE.**

16 **(2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN A TAXABLE**
17 **YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, AN**
18 **INDIVIDUAL OR A CORPORATION MAY APPLY THE EXCESS AS A CREDIT AGAINST**
19 **THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE FULL**
20 **AMOUNT OF THE EXCESS IS USED.**

21 **(E) THE COMPTROLLER SHALL ADOPT REGULATIONS TO CARRY OUT**
22 **THE PROVISIONS OF THIS SECTION.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 2013, and shall be applicable to all taxable years beginning after December 31,
25 2012.