

HOUSE BILL 723

Q7

5lr2605

By: **Delegate A. Washington**

Introduced and read first time: February 13, 2015

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland–Mined Coal Tax Credit – Repeal**

3 FOR the purpose of repealing certain credits allowed against certain taxes for the purchase
4 of Maryland–mined coal; providing for the application of this Act; and generally
5 relating to the repeal of certain credits allowed against certain taxes for the purchase
6 of Maryland–mined coal.

7 BY repealing

8 Article – Tax – General

9 Section 8–406(b) and 10–704.1

10 Annotated Code of Maryland

11 (2010 Replacement Volume and 2014 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article – Tax – General

14 Section 8–406(c)

15 Annotated Code of Maryland

16 (2010 Replacement Volume and 2014 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Tax – General**

20 8–406.

21 **[(b) (1) (i)]** Subject to the limitations of this subsection, a public service
22 company, including any multijurisdictional public service company, may claim a credit
23 against the public service company franchise tax in the amount of \$3 for each ton of
24 Maryland–mined coal that the public service company purchased in the calendar year.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) The credit under this subsection may not be claimed for
2 Maryland–mined coal purchased in a calendar year beginning after December 31, 2020.

3 (2) (i) This paragraph applies only to credits claimed under this
4 subsection for calendar years beginning on or after January 1, 2007.

5 (ii) The amount claimed as a credit under this subsection may not
6 exceed the amount approved by the Department under this paragraph.

7 (iii) By January 15 of the calendar year following the end of the
8 calendar year in which the Maryland–mined coal was purchased, a public service company,
9 or a cogenerator or electricity supplier as defined in § 10–704.1 of this article, shall submit
10 an application to the Department for approval of the credit allowed under this paragraph.

11 (iv) Subject to subparagraph (vi) of this paragraph, the total amount
12 of credits approved by the Department under this paragraph for any calendar year may not
13 exceed:

14 1. \$4,500,000 for a calendar year beginning after December
15 31, 2008, but before January 1, 2013;

16 2. \$6,000,000 for a calendar year beginning after December
17 31, 2012, but before January 1, 2015; or

18 3. \$3,000,000 for a calendar year beginning after December
19 31, 2014, but before January 1, 2021.

20 (v) Subject to subparagraph (vi) of this paragraph, if the total
21 amount of credits applied for in any calendar year under this paragraph exceeds the
22 maximum specified under subparagraph (iv) of this paragraph, the Department shall
23 approve a credit under this paragraph for each applicant in an amount equal to the product
24 of multiplying the credit applied for by the applicant times a fraction:

25 1. the numerator of which is the maximum specified under
26 subparagraph (iv) of this paragraph; and

27 2. the denominator of which is the total of all credits applied
28 for by all applicants under this paragraph for the calendar year.

29 (vi) 1. Of the total credits approved for any calendar year
30 beginning after December 31, 2006, but before January 1, 2021, the Department shall
31 reserve \$2,250,000 of the credits for purchases of Maryland–mined coal that will be used
32 by a facility in Maryland.

33 2. If the total amount of credits applied for by all applicants
34 for any calendar year for the purchase of Maryland–mined coal that will be used in

1 Maryland exceeds \$2,250,000, the Department shall approve a credit under this paragraph
2 for each applicant in an amount equal to the product of multiplying the credit applied for
3 by the applicant times a fraction:

4 A. the numerator of which is \$2,250,000; and

5 B. the denominator of which is the total of all credits applied
6 for by all applicants under this paragraph for the calendar year for the purchase of
7 Maryland–mined coal that will be used in Maryland.

8 (vii) On or before February 15 of the calendar year following the end
9 of the calendar year in which the Maryland–mined coal was purchased, the Department
10 shall certify to each applicant claiming a credit the amount of the tax credits approved by
11 the Department for that applicant under this paragraph.]

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

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

20 [10–704.1.

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

22 (2) “Cogenerator” means a qualifying cogenerator or qualifying small
23 power producer as determined by the Federal Energy Regulatory Commission under the
24 Public Utility Regulatory Policies Act of 1978.

25 (3) “Electricity supplier” has the meaning stated in § 1–101 of the Public
26 Utilities Article.

27 (b) This section does not apply to:

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

30 (2) an electricity supplier that, before July 1, 1999, was not an electric
31 company as defined in § 1–101 of the Public Utilities Article as in effect on June 30, 1999,
32 unless the electricity supplier is an affiliate of such an electric company.

33 (c) Subject to the limitations in § 8–406(b)(2) of this article, a cogenerator or
34 electricity supplier may claim a credit against the State income tax in the amount of \$3 for

1 each ton of Maryland–mined coal that the cogenerator or electricity supplier purchased in
2 the taxable year.

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

5 (2) The amount of the credit may not exceed the State income tax for that
6 taxable year.

7 (3) The total amount of credits approved under this section shall be subject
8 to the limitations in § 8–406(b)(2)(iv), (v), and (vi) of this article.

9 (e) A cogenerator or electricity supplier shall submit an application in accordance
10 with § 8–406(b)(2)(iii) of this article in order to claim the credit available under this
11 section.]

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
13 1, 2015, and shall be applicable to all taxable years beginning after December 31, 2014.