

Chapter 389

(Senate Bill 758)

AN ACT concerning

Income Tax Credit – Energy Storage Systems

FOR the purpose of ~~allowing a credit against the State income tax for certain costs of certain energy storage systems; providing that the credit may not exceed a certain amount; providing that the credit may not be carried forward to another taxable year; requiring a taxpayer claiming the credit to attach certain proof to the taxpayer's return; defining a certain term;~~ *allowing a credit against the State income tax for certain costs of a taxpayer that installs an energy storage system and obtains a tax credit certificate from the Maryland Energy Administration; requiring the Administration to issue tax credit certificates not exceeding certain amounts; prohibiting the Administration from issuing more than a certain aggregate amount of tax credit certificates in a taxable year; requiring the Administration to approve applications for tax credit certificates in a certain manner; providing that the credit may not exceed the State income tax for the taxable year; providing that the credit may not be carried forward to another taxable year; requiring the Administration to report certain information to the Comptroller on or before a certain date each year; requiring the Administration, in consultation with the Comptroller, to adopt regulations to carry out the tax credit; defining certain terms;* providing for the application of this Act; and generally relating to an income tax credit for certain energy storage systems.

BY adding to

Article – Tax – General
Section 10–719
Annotated Code of Maryland
(2016 Replacement Volume)

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

Article – Tax – General**10–719.**

~~(A) IN THIS SECTION, “ENERGY STORAGE SYSTEM” MEANS A SYSTEM USED TO STORE ELECTRICAL ENERGY, OR MECHANICAL, CHEMICAL, OR THERMAL ENERGY THAT WAS ONCE ELECTRICAL ENERGY, FOR USE AS ELECTRICAL ENERGY AT A LATER TIME OR IN A PROCESS THAT OFFSETS ELECTRICITY USE AT PEAK TIMES.~~

~~(B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR THE TOTAL INSTALLED COSTS OF AN ENERGY STORAGE SYSTEM PAID OR INCURRED DURING THE TAXABLE YEAR.~~

~~(C) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE LESSER OF:~~

~~(1) (I) FOR AN ENERGY STORAGE SYSTEM INSTALLED ON A RESIDENTIAL PROPERTY, \$5,000; OR~~

~~(II) FOR AN ENERGY STORAGE SYSTEM INSTALLED ON A COMMERCIAL PROPERTY, \$150,000; OR~~

~~(2) 30% OF THE TOTAL INSTALLED COSTS OF THE ENERGY STORAGE SYSTEM.~~

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

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

~~(E) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED FOR AN ENERGY STORAGE SYSTEM INSTALLED BEFORE JANUARY 1, 2017 2018, OR AFTER DECEMBER 31, 2021 2022.~~

~~(F) A TAXPAYER CLAIMING THE CREDIT ALLOWED UNDER THIS SECTION SHALL ATTACH TO THE TAXPAYER'S RETURN, FOR EACH ENERGY STORAGE SYSTEM FOR WHICH THE CREDIT IS CLAIMED, PROOF OF THE TOTAL INSTALLED COSTS OF THE ENERGY STORAGE SYSTEM.~~

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

~~(2) "ADMINISTRATION" MEANS THE MARYLAND ENERGY ADMINISTRATION.~~

~~(3) "ENERGY STORAGE SYSTEM" MEANS A SYSTEM USED TO STORE ELECTRICAL ENERGY, OR MECHANICAL, CHEMICAL, OR THERMAL ENERGY THAT WAS~~

ONCE ELECTRICAL ENERGY, FOR USE AS ELECTRICAL ENERGY AT A LATER DATE OR IN A PROCESS THAT OFFSETS ELECTRICITY USE AT PEAK TIMES.

(B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A TAXPAYER THAT RECEIVES A TAX CREDIT CERTIFICATE MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR THE TOTAL INSTALLED COSTS OF AN ENERGY STORAGE SYSTEM PAID OR INCURRED DURING THE TAXABLE YEAR.

(C) ON APPLICATION BY A TAXPAYER, THE ADMINISTRATION SHALL ISSUE A TAX CREDIT CERTIFICATE THAT MAY NOT EXCEED THE LESSER OF:

(1) (I) FOR AN ENERGY STORAGE SYSTEM INSTALLED ON A RESIDENTIAL PROPERTY, \$5,000; OR

(II) FOR AN ENERGY STORAGE SYSTEM INSTALLED ON A COMMERCIAL PROPERTY, ~~\$150,000~~ \$75,000; OR

(2) 30% OF THE TOTAL INSTALLED COSTS OF THE ENERGY STORAGE SYSTEM.

(D) THE ADMINISTRATION MAY NOT ISSUE AN AGGREGATE AMOUNT OF TAX CREDIT CERTIFICATES EXCEEDING \$750,000 IN A TAXABLE YEAR.

(E) THE ADMINISTRATION SHALL APPROVE ALL APPLICATIONS THAT QUALIFY FOR A TAX CREDIT CERTIFICATE:

(1) ON A FIRST-COME, FIRST-SERVED BASIS; AND

(2) IN A TIMELY MANNER.

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

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

(G) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED FOR AN ENERGY STORAGE SYSTEM INSTALLED BEFORE JANUARY 1, 2018, OR AFTER DECEMBER 31, 2022.

(H) ON OR BEFORE JANUARY 31 EACH TAXABLE YEAR, THE ADMINISTRATION SHALL REPORT TO THE COMPTROLLER ON THE TAX CREDIT CERTIFICATES ISSUED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR.

(I) THE ADMINISTRATION, IN CONSULTATION WITH THE COMPTROLLER, SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017, and shall be applicable to all taxable years beginning after December 31, ~~2016~~ 2017.

Approved by the Governor, May 4, 2017.