

SENATE BILL 758

Q3

(7lr1841)

ENROLLED BILL

— Budget and Taxation / Ways and Means —

Introduced by **Senator Guzzone**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

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

3 FOR the purpose of ~~allowing a credit against the State income tax for certain costs of certain~~
4 ~~energy storage systems; providing that the credit may not exceed a certain amount;~~
5 ~~providing that the credit may not be carried forward to another taxable year;~~
6 ~~requiring a taxpayer claiming the credit to attach certain proof to the taxpayer's~~
7 ~~return; defining a certain term; *allowing a credit against the State income tax for*~~
8 ~~*certain costs of a taxpayer that installs an energy storage system and obtains a tax*~~
9 ~~*credit certificate from the Maryland Energy Administration; requiring the*~~
10 ~~*Administration to issue tax credit certificates not exceeding certain amounts;*~~
11 ~~*prohibiting the Administration from issuing more than a certain aggregate amount*~~
12 ~~*of tax credit certificates in a taxable year; requiring the Administration to approve*~~
13 ~~*applications for tax credit certificates in a certain manner; providing that the credit*~~
14 ~~*may not exceed the State income tax for the taxable year; providing that the credit*~~
15 ~~*may not be carried forward to another taxable year; requiring the Administration to*~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber / conference committee amendments.



1 *report certain information to the Comptroller on or before a certain date each year;*
 2 *requiring the Administration, in consultation with the Comptroller, to adopt*
 3 *regulations to carry out the tax credit; defining certain terms;* providing for the
 4 application of this Act; and generally relating to an income tax credit for certain
 5 energy storage systems.

6 BY adding to

7 Article – Tax – General

8 Section 10–719

9 Annotated Code of Maryland

10 (2016 Replacement Volume)

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

13 **Article – Tax – General**

14 **10–719.**

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

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

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

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

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

29 ~~(2) 30% OF THE TOTAL INSTALLED COSTS OF THE ENERGY STORAGE~~
 30 ~~SYSTEM.~~

31 ~~(D) (1) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS~~
 32 ~~SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR~~
 33 ~~THAT TAXABLE YEAR, CALCULATED BEFORE THE APPLICATION OF THE CREDITS~~

~~1 UNDER THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER~~
~~2 THE APPLICATION OF OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.~~

~~3 (2) THE UNUSED AMOUNT OF CREDIT FOR ANY TAXABLE YEAR MAY~~
~~4 NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.~~

~~5 (E) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED FOR AN~~
~~6 ENERGY STORAGE SYSTEM INSTALLED BEFORE JANUARY 1, 2017 2018, OR AFTER~~
~~7 DECEMBER 31, 2021 2022.~~

~~8 (F) A TAXPAYER CLAIMING THE CREDIT ALLOWED UNDER THIS SECTION~~
~~9 SHALL ATTACH TO THE TAXPAYER'S RETURN, FOR EACH ENERGY STORAGE SYSTEM~~
~~10 FOR WHICH THE CREDIT IS CLAIMED, PROOF OF THE TOTAL INSTALLED COSTS OF~~
~~11 THE ENERGY STORAGE SYSTEM.~~

~~12 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS~~
~~13 INDICATED.~~

~~14 (2) "ADMINISTRATION" MEANS THE MARYLAND ENERGY~~
~~15 ADMINISTRATION.~~

~~16 (3) "ENERGY STORAGE SYSTEM" MEANS A SYSTEM USED TO STORE~~
~~17 ELECTRICAL ENERGY, OR MECHANICAL, CHEMICAL, OR THERMAL ENERGY THAT WAS~~
~~18 ONCE ELECTRICAL ENERGY, FOR USE AS ELECTRICAL ENERGY AT A LATER DATE OR~~
~~19 IN A PROCESS THAT OFFSETS ELECTRICITY USE AT PEAK TIMES.~~

~~20 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A TAXPAYER THAT~~
~~21 RECEIVES A TAX CREDIT CERTIFICATE MAY CLAIM A CREDIT AGAINST THE STATE~~
~~22 INCOME TAX FOR THE TOTAL INSTALLED COSTS OF AN ENERGY STORAGE SYSTEM~~
~~23 PAID OR INCURRED DURING THE TAXABLE YEAR.~~

~~24 (C) ON APPLICATION BY A TAXPAYER, THE ADMINISTRATION SHALL ISSUE A~~
~~25 TAX CREDIT CERTIFICATE THAT MAY NOT EXCEED THE LESSER OF:~~

~~26 (1) (I) FOR AN ENERGY STORAGE SYSTEM INSTALLED ON A~~
~~27 RESIDENTIAL PROPERTY, \$5,000; OR~~

~~28 (II) FOR AN ENERGY STORAGE SYSTEM INSTALLED ON A~~
~~29 COMMERCIAL PROPERTY, \$150,000 \$75,000; OR~~

~~30 (2) 30% OF THE TOTAL INSTALLED COSTS OF THE ENERGY STORAGE~~
~~31 SYSTEM.~~

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

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

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

6 **(2) IN A TIMELY MANNER.**

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

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

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

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

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

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
23 1, 2017, and shall be applicable to all taxable years beginning after December 31, ~~2016~~
24 2017.