

Department of Legislative Services  
 Maryland General Assembly  
 2017 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 588 (Delegate Parrott, *et al.*)  
 Ways and Means

**Income Tax Credit - Fueling Stations - Electric Vehicle Charging and Natural Gas Vehicle Refueling Equipment**

This bill creates a tax credit against the State income tax for the costs of installing electric vehicle charging equipment or fast-fill natural gas refueling equipment. A retail service station dealer may claim a credit equal to 100% of the costs, not to exceed \$20,000. If the amount of the credit exceeds the tax liability in the taxable year, a refund can be claimed in the amount of the excess. The Comptroller, in consultation with the Maryland Energy Administration (MEA), must adopt regulations to implement the bill.

The bill takes effect July 1, 2017, and applies to tax year 2017 and beyond.

**Fiscal Summary**

**State Effect:** General fund revenues decrease beginning in FY 2018 due to credits claimed against the personal and corporate income tax. Transportation Trust Fund (TTF) and Higher Education Investment Fund (HEIF) revenues decrease beginning in FY 2018 due to credits claimed against the corporate income tax. General fund expenditures increase by \$32,000 in FY 2018 due to one-time implementation costs at the Comptroller’s Office.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF/SF Rev.	(-)	(-)	(-)	(-)	(-)
GF Expenditure	\$32,000	\$0	\$0	\$0	\$0
Net Effect	(\$32,000)	\$0	\$0	\$0	\$0

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Local highway user revenues distributed from the corporate income tax decrease beginning in FY 2018. Local expenditures are not affected.

**Small Business Effect:** Minimal.

## Analysis

### Current Law:

#### *Electric Vehicle Recharging Equipment Rebate Program*

Chapters 359 and 360 of 2014 repealed the electric vehicle recharging equipment income tax credit and replaced the credit with a rebate program administered by MEA. The Acts authorized MEA to award an annual maximum of \$600,000 in rebates in fiscal 2015 through 2017. The rebate is equal to 50% of the cost of property that is located in the State and used for recharging vehicles propelled by electricity, subject to specified maximum values. MEA may also reimburse a person for the reasonable costs of installing the qualifying equipment. An individual may not receive more than one rebate, but there are no limits on the number of rebates that can be issued to other entities.

#### *Qualified Electric Vehicle Excise Tax Credit*

Chapters 359 and 360 of 2014 extended the qualified plug-in electric vehicle excise tax credit through fiscal 2017 and made several changes to the program. Subject to available funding, a person who newly acquires and titles for the first time a qualified vehicle may claim a credit against the vehicle excise tax. The value of the credit is equal to the lesser of (1) \$125 times the number of kilowatt-hours battery capacity of the vehicle or (2) \$3,000. The credit is limited to 1 vehicle per individual and 10 vehicles per business entity. The Acts authorized the Motor Vehicle Administration to award a maximum of \$1.8 million in credits in each fiscal year.

**Background:** MEA has funded electric vehicle charging stations primarily through the Electric Vehicle Recharging Equipment Rebate Program, the Electric Vehicle Infrastructure Program, and the Alternative Fuel Infrastructure Program. From fiscal 2015 through September 30, 2016, MEA issued rebates to 750 charging stations through the rebate program. According to the U.S. Department of Energy, as of January 2017, Maryland has 1,085 public electric vehicle charging outlets, which ranks ninth in the United States. MEA awarded the annual maximum amount of authorized rebates in each year (\$600,000) in fiscal 2016 and 2017. Legislation has been introduced in the 2017 session proposing to extend the program.

Generally, fast-fill natural gas stations are best suited for retail situations and deliver natural gas via dispensers alongside gasoline or other alternative fuels dispensers. Fast-fill stations receive fuel from a local utility line at a low pressure and then use a compressor on site to compress the gas to a high pressure. According to the Comptroller's Office, there are seven natural gas refilling stations in the State.

**State Revenues:** Tax credits may be claimed beginning in tax year 2017. As a result, general fund, TTF, and HEIF revenues may decrease beginning in fiscal 2018. The amount of the revenue loss depends on the number of qualifying systems purchased and the installation costs of those systems. MEA advises that, as of February 2017, no electric vehicle recharging equipment rebates have been issued to a retail service station.

**State Expenditures:** The Comptroller's Office reports that it will incur a one-time expenditure of \$32,000 in fiscal 2018 to add the new tax credit. This amount includes data processing changes to the SMART income tax return processing and imaging systems and systems testing.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Comptroller's Office; Maryland Energy Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 21, 2017  
fn/jrb

---

Analysis by: Robert J. Rehrmann

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510