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**By: Delegate Rosapepe**

Introduced and read first time: February 17, 1997

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Preventing Leakage in Public Service Company Franchise Tax on Gas and Electricity**  
3 **Companies**

4 FOR the purpose of altering the definition of "gross receipts" under the public service  
5 company franchise tax for a public service company engaged in an electric or natural  
6 gas business to include certain amounts determined in a certain manner for  
7 electricity or natural gas transported under delivery service; and generally relating  
8 to the public service company franchise tax with respect to an electric or natural gas  
9 business.

10 BY repealing and reenacting, with amendments,  
11 Article - Tax - General  
12 Section 8-401(b)(2)  
13 Annotated Code of Maryland  
14 (1988 Volume and 1996 Supplement)

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

17 **Article - Tax - General**

18 8-401.

19 (b) (2) "Gross receipts" includes:

20 (i) gross or total earnings and total receipts;

21 (ii) for a telephone company, the full amount of approved and  
22 applicable federal and State tariff charges for telephone lifeline service without the  
23 discount provided by Article 78, § 26A(c) of the Code; [and]

24 (iii) for a telecommunications company providing interstate long  
25 distance telecommunications service, the gross charges from the sale of long distance  
26 telecommunications service that originates or terminates in the State and for which a  
27 charge is made to a service address located in the State, regardless of where the amount  
28 is billed or paid; AND

29 (IV) FOR A PUBLIC SERVICE COMPANY ENGAGED IN AN ELECTRIC  
30 OR NATURAL GAS BUSINESS, THE VALUE OF ELECTRICITY OR NATURAL GAS

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1 TRANSPORTED UNDER DELIVERY SERVICE, DETERMINED BY MULTIPLYING THE  
2 THERMS OF GAS OR KILOWATTS OF ELECTRICITY TRANSPORTED TIMES THE GAS OR  
3 ELECTRICITY COMMODITY PRICE FOR GAS SALES PER THERM OR ELECTRICITY  
4 SALES PER KILOWATT SPECIFIED UNDER THE APPLICABLE TARIFF OR RIDER ON  
5 FILE WITH THE PUBLIC SERVICE COMMISSION FOR THE PUBLIC SERVICE COMPANY  
6 PROVIDING THE ELECTRICITY DELIVERY SERVICE OR NATURAL GAS DELIVERY  
7 SERVICE.

8           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 October 1, 1997 and shall be applicable to all taxable years beginning after December 31,  
10 1997.