

HOUSE BILL 20

Unofficial Copy
Q3

2000 Regular Session
0lr1424

(PRE-FILED)

By: Delegates Taylor, Dewberry, Hurson, Arnick, Busch, Guns, Harrison, Hixson, Howard, Kopp, Menes, Montague, Owings, Rawlings, Rosenberg, Vallario, and Wood Wood, W. Baker, Barkley, Barve, Bobo, Bohanan, Bozman, Bronrott, Brown, Cadden, Cane, Carlson, Clagett, Conway, D'Amato, DeCarlo, Donoghue, Doory, Dypski, Finifter, Franchot, Frush, Giannetti, Goldwater, Griffith, Hammen, Healey, Hecht, Heller, Hubers, James, V. Jones, Klausmeier, Krysiak, Love, Malone, Mandel, Marriott, McHale, Mitchell, Moe, Patterson, Pendergrass, Petzold, Pitkin, Proctor, Rosso, Sophocleus, Stern, Turner, Valderrama, Weir, Zirkin, Bartlett, Conroy, Cryor, McKee, Phillips, Rudolph, and Shriver

Requested: November 15, 1999

Introduced and read first time: January 12, 2000

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 25, 2000

CHAPTER _____

1 AN ACT concerning

2 **Maryland Clean Energy ~~Efficient Technology Tax Incentive~~ Act**

3 FOR the purpose of providing an exemption from the sales and use tax for certain
4 appliances that meet or exceed certain applicable energy efficiency guidelines;
5 allowing a credit against the motor vehicle excise tax for certain qualified
6 electric vehicles and certain vehicles having an onboard rechargeable energy
7 storage system; providing for the distribution of certain sales and use tax
8 revenue to the Transportation Trust Fund of the State; allowing a credit against
9 the State income tax for certain costs of certain energy efficient property;
10 providing for calculation of the amount of the credit equipment that uses solar
11 energy to generate electricity or to heat or cool a structure or provide hot water
12 for use in a structure; allowing a credit against the State income tax for certain
13 electricity produced from certain qualified resources; providing for calculation of
14 the amount of the credit; providing for the carryover of certain unused credit to
15 certain taxable years; requiring the Motor Vehicle Administration and Maryland
16 Energy Administration jointly to adopt certain regulations; requiring the
17 Maryland Energy Administration, in consultation with certain persons, to

1 ~~develop certain voluntary labeling and public information materials; defining~~
 2 ~~certain terms; providing for the application and termination of this Act; and~~
 3 ~~generally relating to certain State income tax credits incentives for the cost of~~
 4 ~~certain energy-efficient property and for certain electricity produced from~~
 5 ~~certain qualified resources.~~

6 BY repealing and reenacting, with amendments,

7 Article - Tax - General

8 Section 2-1302.1

9 Annotated Code of Maryland

10 (1997 Replacement Volume and 1999 Supplement)

11 BY repealing and reenacting, with amendments,

12 Article - Transportation

13 Section 3-215(b)(4) and 8-402(b)(5)

14 Annotated Code of Maryland

15 (1993 Replacement Volume and 1999 Supplement)

16 BY adding to

17 Article - Transportation

18 Section 13-815

19 Annotated Code of Maryland

20 (1999 Replacement Volume and 1999 Supplement)

21 BY adding to

22 Article - Tax - General

23 Section 10-718 ~~and~~ 10-719, and 11-226

24 Annotated Code of Maryland

25 (1997 Replacement Volume and 1999 Supplement)

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

28 **Article - Tax - General**

29 ~~40-718.~~

30 2-1302.1.

31 (A) After making the distributions required under §§ 2-1301 and 2-1302 of
 32 this subtitle, the Comptroller monthly shall distribute 45% of the sales and use tax
 33 collected on short-term vehicle rentals under § 11-104(c) of this article to the
 34 Transportation Trust Fund established under § 3-216 of the Transportation Article.

35 (B) ON RECEIPT OF THE MOTOR VEHICLE ADMINISTRATION'S CERTIFICATION
 36 UNDER § 13-815(F) OF THE TRANSPORTATION ARTICLE, FROM THE REMAINING SALES

1 AND USE TAX REVENUE THE COMPROLLER SHALL DISTRIBUTE TO THE
2 TRANSPORTATION TRUST FUND AN AMOUNT EQUAL TO THE TOTAL AMOUNT OF
3 CREDITS ALLOWED AGAINST THE MOTOR VEHICLE EXCISE TAX UNDER § 13-815 OF
4 THE TRANSPORTATION ARTICLE FOR THE PRECEDING FISCAL YEAR.

5 11-226.

6 THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF THE FOLLOWING
7 ELECTRIC APPLIANCES THAT MEET OR EXCEED THE APPLICABLE ENERGY STAR
8 EFFICIENCY REQUIREMENTS DEVELOPED BY THE UNITED STATES ENVIRONMENTAL
9 PROTECTION AGENCY AND THE UNITED STATES DEPARTMENT OF ENERGY:

10 (1) A CLOTHES WASHER PURCHASED ON OR AFTER JULY 1, 2000, BUT
11 BEFORE JULY 1, 2003;

12 (2) A ROOM AIR CONDITIONER PURCHASED ON OR AFTER JANUARY 1,
13 2001, BUT BEFORE JULY 1, 2004; OR

14 (3) A STANDARD SIZE REFRIGERATOR PURCHASED ON OR AFTER JULY 1,
15 2001, BUT BEFORE JULY 1, 2004.

16 **Article - Transportation**

17 3-215.

18 (b) The tax levied and imposed by this section consists of that part of the
19 following taxes that are retained to the credit of the Department after distributions to
20 the political subdivisions:

21 (4) The sales and use tax revenues [on short-term rental vehicles]
22 distributed under § 2-1302.1 of the Tax - General Article.

23 8-402.

24 (b) All revenues collected from the following, after deductions provided by law,
25 shall be credited to the Gasoline and Motor Vehicle Revenue Account:

26 (5) 80 percent of the funds distributed under § 2-1302.1 of the Tax -
27 General Article to the Transportation Trust Fund from the sales and use tax
28 [collected on short-term vehicle rentals under § 11-104 of the Tax - General Article].
29 13-815.

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

32 (2) "AUTOMOBILE" MEANS A 4-WHEELED VEHICLE PROPELLED BY FUEL
33 THAT:

1 (I) IS MANUFACTURED PRIMARILY FOR USE ON PUBLIC STREETS,
2 ROADS, AND HIGHWAYS, OTHER THAN FOR USE EXCLUSIVELY ON A RAIL OR RAILS;
3 AND

4 (II) IS RATED AT NOT MORE THAN 8,500 POUNDS UNLOADED GROSS
5 VEHICLE WEIGHT.

6 ~~(3) "ENERGY EFFICIENT BUILDING PROPERTY" MEANS A FUEL CELL,
7 NATURAL GAS HEAT PUMP, ELECTRIC HEAT PUMP HOT WATER HEATER, ELECTRIC
8 HEAT PUMP, CENTRAL AIR CONDITIONER, OR ADVANCED NATURAL GAS WATER
9 HEATER THAT MEETS THE REQUIREMENTS OF SUBSECTION (F) OF THIS SECTION.~~

10 (3) "EXCISE TAX" MEANS THE TAX IMPOSED UNDER § 13-809 OF THIS
11 SUBTITLE.

12 (4) "MAXIMUM AVAILABLE POWER" MEANS THE MAXIMUM VALUE OF
13 THE SUM OF THE HEAT ENGINE AND ELECTRIC DRIVE SYSTEM POWER OR OTHER
14 NON-HEAT ENERGY CONVERSION DEVICES AVAILABLE FOR A DRIVER'S COMMAND
15 FOR MAXIMUM ACCELERATION AT VEHICLE SPEEDS UNDER 75 MILES PER HOUR.

16 ~~(5) "PHOTOVOLTAIC PROPERTY" MEANS SOLAR ENERGY PROPERTY
17 THAT USES A SOLAR PHOTOVOLTAIC PROCESS TO GENERATE ELECTRICITY AND
18 THAT MEETS APPLICABLE PERFORMANCE AND QUALITY STANDARDS AND
19 CERTIFICATION REQUIREMENTS IN EFFECT AT THE TIME OF ACQUISITION OF THE
20 PROPERTY, AS SPECIFIED BY THE MARYLAND ENERGY ADMINISTRATION.~~

21 ~~(6)~~ (5) "QUALIFIED ELECTRIC VEHICLE" HAS THE MEANING STATED IN
22 § 30 OF THE INTERNAL REVENUE CODE.

23 ~~(7) "QUALIFIED ENERGY PROPERTY" MEANS:~~

24 ~~(I) ENERGY EFFICIENT BUILDING PROPERTY;~~

25 ~~(II) SOLAR WATER HEATING PROPERTY; OR~~

26 ~~(III) PHOTOVOLTAIC PROPERTY.~~

27 (8) (6) "QUALIFIED HYBRID VEHICLE" MEANS AN AUTOMOBILE THAT:

28 (I) MEETS ALL APPLICABLE REGULATORY REQUIREMENTS ~~AND~~
29 ~~THAT;~~

30 (II) MEETS THE CURRENT VEHICLE EXHAUST STANDARD SET
31 UNDER THE NATIONAL LOW-EMISSION VEHICLE PROGRAM FOR
32 GASOLINE-POWERED PASSENGER CARS; AND

33 (III) CAN DRAW PROPULSION ENERGY FROM BOTH OF THE
34 FOLLOWING ON-BOARD SOURCES OF STORED ENERGY:

35 (I) 1. A CONSUMABLE FUEL GASOLINE; AND

1 ~~(H)~~ 2. A RECHARGEABLE ENERGY STORAGE SYSTEM.

2 (9) (I) "SOLAR ENERGY PROPERTY" MEANS EQUIPMENT THAT USES
3 SOLAR ENERGY:

4 1. ~~TO GENERATE ELECTRICITY;~~

5 2. ~~TO HEAT OR COOL A STRUCTURE OR PROVIDE HOT WATER~~
6 ~~FOR USE IN A STRUCTURE; OR~~

7 3. ~~TO PROVIDE SOLAR PROCESS HEAT.~~

8 (H) "SOLAR ENERGY PROPERTY" DOES NOT INCLUDE A SWIMMING
9 POOL, HOT TUB, OR ANY OTHER ENERGY STORAGE MEDIUM THAT HAS A FUNCTION
10 OTHER THAN STORAGE.

11 (10) "SOLAR WATER HEATING PROPERTY" MEANS SOLAR ENERGY
12 PROPERTY THAT:

13 (I) ~~WHEN INSTALLED IN CONNECTION WITH A STRUCTURE, USES~~
14 ~~SOLAR ENERGY FOR THE PURPOSE OF PROVIDING HOT WATER FOR USE WITHIN THE~~
15 ~~STRUCTURE; AND~~

16 (H) ~~MEETS APPLICABLE PERFORMANCE AND QUALITY STANDARDS~~
17 ~~AND CERTIFICATION REQUIREMENTS IN EFFECT AT THE TIME OF ACQUISITION OF~~
18 ~~THE PROPERTY, AS SPECIFIED BY THE MARYLAND ENERGY ADMINISTRATION.~~

19 (B) ~~AS PROVIDED IN THIS SECTION, AN INDIVIDUAL OR A CORPORATION MAY~~
20 ~~CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR A TAXABLE YEAR AS~~
21 ~~PROVIDED IN THIS SECTION FOR THE COSTS OF THE FOLLOWING PROPERTY PLACED~~
22 ~~IN SERVICE DURING THE TAXABLE YEAR:~~

23 (1) ~~A QUALIFIED ELECTRIC VEHICLE;~~

24 (2) ~~A QUALIFIED HYBRID VEHICLE;~~

25 (3) ~~A NEW, HIGHLY ENERGY EFFICIENT PRINCIPAL RESIDENCE~~
26 ~~MEETING THE REQUIREMENTS OF SUBSECTION (E) OF THIS SECTION; OR~~

27 (4) ~~QUALIFIED ENERGY PROPERTY.~~

28 (C) (1) ~~FOR EACH QUALIFIED ELECTRIC VEHICLE PLACED IN SERVICE~~
29 ~~DURING THE TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS SECTION~~
30 ~~INCLUDES AN AMOUNT EQUAL TO THE LESSER OF:~~

31 (I) ~~5% OF THE COST OF THE QUALIFIED ELECTRIC VEHICLE; OR~~

32 (H) ~~\$2,000.~~

33 (2) ~~A CREDIT IS NOT ALLOWED FOR A VEHICLE UNDER THIS~~
34 ~~SUBSECTION FOR A VEHICLE THAT IS NOT TITLED AND REGISTERED IN THE STATE.~~

1 ~~(D) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, FOR EACH~~
2 ~~QUALIFIED HYBRID VEHICLE PLACED IN SERVICE DURING THE TAXABLE YEAR THAT~~
3 ~~HAS A RECHARGEABLE ENERGY STORAGE SYSTEM THAT PROVIDES AT LEAST 5% OF~~
4 ~~THE VEHICLE'S MAXIMUM AVAILABLE POWER, THE CREDIT ALLOWED UNDER THIS~~
5 ~~SECTION INCLUDES:~~

6 (B) (1) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, A
7 CREDIT IS ALLOWED AGAINST THE EXCISE TAX IMPOSED FOR A QUALIFIED
8 ELECTRIC VEHICLE OR A QUALIFIED HYBRID VEHICLE.

9 (2) SUBJECT TO THE LIMITATIONS UNDER SUBSECTIONS (C) AND (D) OF
10 THIS SECTION, THE CREDIT ALLOWED UNDER THIS SECTION EQUALS 100% OF THE
11 EXCISE TAX IMPOSED FOR A VEHICLE.

12 (3) THE CREDIT ALLOWED UNDER THIS SECTION DOES NOT APPLY TO A
13 VEHICLE TITLED ON OR AFTER JULY 1, 2004.

14 (C) FOR A QUALIFIED ELECTRIC VEHICLE, THE CREDIT ALLOWED UNDER
15 THIS SECTION MAY NOT EXCEED \$2,000.

16 (D) (1) FOR A QUALIFIED HYBRID VEHICLE THAT HAS A RECHARGEABLE
17 ENERGY STORAGE SYSTEM THAT PROVIDES AT LEAST 5% OF THE VEHICLE'S
18 MAXIMUM AVAILABLE POWER, SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,
19 THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED:

20 (I) \$250 IF THE VEHICLE'S RECHARGEABLE ENERGY STORAGE
21 SYSTEM PROVIDES AT LEAST 5% BUT LESS THAN 10% OF THE MAXIMUM AVAILABLE
22 POWER;

23 (II) \$500 IF THE VEHICLE'S RECHARGEABLE ENERGY STORAGE
24 SYSTEM PROVIDES AT LEAST 10% BUT LESS THAN 20% OF THE MAXIMUM AVAILABLE
25 POWER;

26 (III) \$750 IF THE VEHICLE'S RECHARGEABLE ENERGY STORAGE
27 SYSTEM THAT PROVIDES AT LEAST 20% BUT LESS THAN 30% OF THE MAXIMUM
28 AVAILABLE POWER; OR

29 (IV) \$1,000 IF THE VEHICLE'S RECHARGEABLE ENERGY STORAGE
30 SYSTEM THAT PROVIDES AT LEAST ~~30%~~ 30% OF THE MAXIMUM AVAILABLE POWER.

31 (2) IF ~~THE A~~ QUALIFIED HYBRID VEHICLE ACTIVELY EMPLOYS A
32 REGENERATIVE BRAKING SYSTEM THAT SUPPLIES TO THE RECHARGEABLE ENERGY
33 STORAGE SYSTEM AT LEAST 20% OF THE ENERGY AVAILABLE FROM BRAKING IN A
34 TYPICAL 60 MILES PER HOUR TO 0 MILES PER HOUR BRAKING EVENT, THE MAXIMUM
35 CREDIT AMOUNT DETERMINED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL
36 BE INCREASED BY:

37 (I) \$125 IF THE VEHICLE'S REGENERATIVE BRAKING SYSTEM
38 SUPPLIES TO THE RECHARGEABLE ENERGY STORAGE SYSTEM AT LEAST 20% BUT

1 LESS THAN 40% OF THE ENERGY AVAILABLE FROM BRAKING IN A TYPICAL 60 MILES
2 PER HOUR TO 0 MILES PER HOUR BRAKING EVENT;

3 (II) \$250 IF THE VEHICLE'S REGENERATIVE BRAKING SYSTEM
4 SUPPLIES TO THE RECHARGEABLE ENERGY STORAGE SYSTEM AT LEAST 40% BUT
5 LESS THAN 60% OF THE ENERGY AVAILABLE FROM BRAKING IN A TYPICAL 60 MILES
6 PER HOUR TO 0 MILES PER HOUR BRAKING EVENT; OR

7 (III) \$500 IF THE VEHICLE'S REGENERATIVE BRAKING SYSTEM
8 SUPPLIES TO THE RECHARGEABLE ENERGY STORAGE SYSTEM AT LEAST 60% OF THE
9 ENERGY AVAILABLE FROM BRAKING IN A TYPICAL 60 MILES PER HOUR TO 0 MILES
10 PER HOUR BRAKING EVENT.

11 (E) A CREDIT MAY NOT BE CLAIMED UNDER THIS SECTION:

12 (1) FOR A VEHICLE UNLESS THE VEHICLE IS REGISTERED IN THE STATE;

13 (2) BY AN ALTERNATIVE FUEL PROVIDER; OR

14 (3) FOR A VEHICLE UNLESS THE OWNER HAS ALREADY MET OR
15 EXCEEDED ANY STATE OR FEDERAL LAWS OR REGULATIONS GOVERNING
16 CLEAN-FUEL VEHICLE OR ELECTRIC VEHICLE PURCHASES APPLICABLE DURING
17 THE CALENDAR YEAR IN WHICH THE VEHICLE IS TITLED.

18 ~~(E)~~ (F) (1) THE MOTOR VEHICLE ADMINISTRATION AND THE MARYLAND
19 ENERGY ADMINISTRATION JOINTLY SHALL ADOPT REGULATIONS TO ADMINISTER
20 THE CREDIT UNDER THIS SECTION.

21 (2) THE REGULATIONS ADOPTED UNDER THIS SECTION SHALL SPECIFY
22 THE TESTING AND CALCULATION PROCEDURES TO BE USED TO DETERMINE
23 WHETHER A VEHICLE MEETS THE QUALIFICATIONS FOR A CREDIT UNDER THIS
24 SECTION.

25 ~~(E)~~ (G) ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE MOTOR VEHICLE
26 ADMINISTRATION SHALL CERTIFY TO THE COMPTROLLER THE TOTAL AMOUNT OF
27 CREDITS ALLOWED UNDER THIS SECTION AGAINST THE EXCISE TAX FOR THE
28 PRECEDING FISCAL YEAR.

29 ~~(3)~~ (3) A CREDIT IS NOT ALLOWED UNDER THIS SUBSECTION FOR A
30 VEHICLE:

31 ~~(F)~~ (F) THAT IS NOT TITLED AND REGISTERED IN THE STATE; OR

32 ~~(H)~~ (H) FOR WHICH A CREDIT IS ALLOWED UNDER SUBSECTION (C) OF
33 THIS SECTION.

34 ~~(4)~~ (4) THE MARYLAND ENERGY ADMINISTRATION SHALL ADOPT
35 REGULATIONS TO SPECIFY THE TESTING AND CALCULATION PROCEDURES TO BE
36 USED TO DETERMINE WHETHER A VEHICLE MEETS THE QUALIFICATIONS FOR A
37 CREDIT UNDER THIS SUBSECTION.

~~(E) (1) FOR AN INDIVIDUAL WHO PURCHASES A NEW, HIGHLY ENERGY EFFICIENT PRINCIPAL RESIDENCE DURING THE TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS SECTION INCLUDES AN AMOUNT EQUAL TO:~~

~~(I) \$1,000 IF THE PROPERTY QUALIFIES AS 30% PROPERTY AS DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION;~~

~~(II) \$1,500 IF THE PROPERTY QUALIFIES AS 40% PROPERTY AS DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION; OR~~

~~(III) \$2,000 IF THE PROPERTY QUALIFIES AS 50% PROPERTY AS DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION.~~

~~(2) PROPERTY QUALIFIES AS A NEW, HIGHLY ENERGY EFFICIENT PRINCIPAL RESIDENCE UNDER THIS SUBSECTION IF:~~

~~(I) THE PROPERTY IS LOCATED IN THE STATE;~~

~~(II) THE ORIGINAL USE OF THE PROPERTY COMMENCES WITH THE TAXPAYER;~~

~~(III) WITHIN 60 DAYS OF THE ORIGINAL USE, THE PROPERTY IS THE PRINCIPAL RESIDENCE OF THE TAXPAYER WITHIN THE MEANING OF § 121 OF THE INTERNAL REVENUE CODE; AND~~

~~(IV) BEFORE THE ORIGINAL USE COMMENCES, AN INDIVIDUAL QUALIFIED TO DETERMINE COMPLIANCE CERTIFIES THE PROPERTY AS BEING 50% PROPERTY, 40% PROPERTY, OR 30% PROPERTY UNDER PARAGRAPH (3) OF THIS SUBSECTION.~~

~~(3) FOR PURPOSES OF THIS SUBSECTION, PROPERTY IS 50% PROPERTY, 40% PROPERTY, OR 30% PROPERTY IF THE PROJECTED ENERGY USAGE OF THE PROPERTY IS REDUCED BY AT LEAST 50%, 40%, OR 30%, RESPECTIVELY, COMPARED TO THE ENERGY USAGE OF A REFERENCE HOUSE THAT COMPLIES WITH MINIMUM STANDARD PRACTICE CALLED FOR UNDER THE 1995 MODEL ENERGY CODE, AS DETERMINED ACCORDING TO THE REQUIREMENTS SPECIFIED IN REGULATIONS ADOPTED BY THE MARYLAND ENERGY ADMINISTRATION.~~

~~(4) A DETERMINATION OF COMPLIANCE MADE FOR THE PURPOSES OF THIS SUBSECTION SHALL BE FILED WITH THE MARYLAND ENERGY ADMINISTRATION WITHIN 1 YEAR OF THE DATE OF THE DETERMINATION AND SHALL INCLUDE THE TAXPAYER IDENTIFICATION NUMBER OF THE CERTIFIER, THE ADDRESS OF THE BUILDING IN COMPLIANCE, AND THE IDENTITY OF THE PERSON FOR WHOM THE DETERMINATION WAS PERFORMED.~~

~~(5) THE MARYLAND ENERGY ADMINISTRATION SHALL ESTABLISH REQUIREMENTS FOR CERTIFICATION AND COMPLIANCE PROCEDURES AFTER EXAMINING THE REQUIREMENTS FOR ENERGY CONSULTANTS AND HOME ENERGY RATING PROVIDERS SPECIFIED BY THE MORTGAGE INDUSTRY NATIONAL ACCREDITATION PROCEDURES FOR HOME ENERGY RATING SYSTEMS.~~

1 (6) AN INDIVIDUAL IS QUALIFIED TO DETERMINE COMPLIANCE FOR
2 PURPOSES OF THIS SUBSECTION ONLY IF THE INDIVIDUAL IS RECOGNIZED BY AN
3 ORGANIZATION CERTIFIED BY THE MARYLAND ENERGY ADMINISTRATION FOR SUCH
4 PURPOSES.

5 (F) (1) FOR QUALIFIED ENERGY PROPERTY PLACED IN SERVICE DURING
6 THE TAXABLE YEAR, SUBJECT TO THE LIMITATIONS UNDER PARAGRAPH (2) OF THIS
7 SUBSECTION, THE CREDIT ALLOWED UNDER THIS SECTION INCLUDES, FOR EACH
8 UNIT:

9 (I) 15% OF THE COST OF PHOTOVOLTAIC PROPERTY OR SOLAR
10 WATER HEATING PROPERTY;

11 (H) 10% OF THE COST OF:

12 1. A FUEL CELL THAT:

13 A. GENERATES ELECTRICITY AND HEAT USING AN
14 ELECTROCHEMICAL PROCESS;

15 B. HAS AN ELECTRICITY ONLY GENERATION EFFICIENCY
16 GREATER THAN 35%; AND

17 C. HAS A MINIMUM GENERATING CAPACITY OF 5
18 KILOWATTS;

19 2. A NATURAL GAS HEAT PUMP THAT HAS A COEFFICIENT OF
20 PERFORMANCE OF AT LEAST 1.25 FOR HEATING AND AT LEAST 0.70 FOR COOLING;

21 3. AN ELECTRIC HEAT PUMP HOT WATER HEATER THAT
22 YIELDS AN ENERGY FACTOR OF AT LEAST 1.7;

23 4. AN ELECTRIC HEAT PUMP THAT HAS A HEATING SYSTEM
24 PERFORMANCE FACTOR OF AT LEAST 9 AND A COOLING SEASONAL ENERGY
25 EFFICIENCY RATIO OF AT LEAST 15;

26 5. A CENTRAL AIR CONDITIONER THAT HAS A COOLING
27 SEASONAL ENERGY EFFICIENCY RATIO OF AT LEAST 15; OR

28 6. AN ADVANCED NATURAL GAS WATER HEATER THAT HAS
29 AN ENERGY FACTOR OF AT LEAST 0.80; OR

30 (HI) 5% OF THE COST OF QUALIFIED ENERGY PROPERTY THAT IS
31 NOT DESCRIBED UNDER ITEM (II) OF THIS PARAGRAPH AND IS:

32 1. AN ELECTRIC HEAT PUMP THAT HAS A HEATING SYSTEM
33 PERFORMANCE FACTOR OF AT LEAST 7.5 AND A COOLING SEASONAL ENERGY
34 EFFICIENCY RATIO OF AT LEAST 13.5;

35 2. A CENTRAL AIR CONDITIONER THAT HAS A COOLING
36 SEASONAL ENERGY EFFICIENCY RATIO OF AT LEAST 13.5; OR

1 (II) "SOLAR ENERGY PROPERTY" DOES NOT INCLUDE A SWIMMING
2 POOL, HOT TUB, OR ANY OTHER ENERGY STORAGE MEDIUM THAT HAS A FUNCTION
3 OTHER THAN STORAGE.

4 (4) "SOLAR WATER HEATING PROPERTY" MEANS SOLAR ENERGY
5 PROPERTY THAT:

6 (I) WHEN INSTALLED IN CONNECTION WITH A STRUCTURE, USES
7 SOLAR ENERGY FOR THE PURPOSE OF PROVIDING HOT WATER FOR USE WITHIN THE
8 STRUCTURE; AND

9 (II) MEETS APPLICABLE PERFORMANCE AND QUALITY STANDARDS
10 AND CERTIFICATION REQUIREMENTS IN EFFECT AT THE TIME OF ACQUISITION OF
11 THE PROPERTY, AS SPECIFIED BY THE MARYLAND ENERGY ADMINISTRATION.

12 (B) AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST THE
13 STATE INCOME TAX FOR A TAXABLE YEAR AS PROVIDED IN THIS SECTION FOR THE
14 COSTS OF SOLAR WATER HEATING PROPERTY OR PHOTOVOLTAIC PROPERTY PLACED
15 IN SERVICE DURING THE TAXABLE YEAR.

16 (C) (1) SUBJECT TO THE LIMITATIONS UNDER PARAGRAPH (2) OF THIS
17 SUBSECTION, THE CREDIT ALLOWED UNDER THIS SECTION INCLUDES 15% OF THE
18 TOTAL INSTALLED COST OF PHOTOVOLTAIC PROPERTY OR SOLAR WATER HEATING
19 PROPERTY.

20 (2) THE CREDIT ALLOWED UNDER THIS SUBSECTION MAY NOT EXCEED:

21 (I) \$2,000 FOR EACH SYSTEM FOR PHOTOVOLTAIC PROPERTY; AND

22 (II) \$1,000 FOR EACH SYSTEM FOR SOLAR WATER HEATING
23 PROPERTY.

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

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

31 ~~(H)~~ (E) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, FOR PURPOSES OF
32 DETERMINING MARYLAND TAXABLE INCOME, THE BASIS OF PROPERTY WITH
33 RESPECT TO WHICH THE CREDIT UNDER THIS SECTION IS ALLOWED SHALL BE ITS
34 BASIS FOR FEDERAL INCOME TAX PURPOSES.

35 ~~(I)~~ (F) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED FOR
36 PROPERTY PLACED IN SERVICE;

37 (1) BEFORE JULY 1, 2000; OR

