Unofficial Copy O3 2000 Regular Session 0lr1424

(PRE-FILED)

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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 <u>electric vehicles and certain vehicles having an onboard rechargeable energy</u>
- 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 <u>tax</u> for certain costs of certain energy efficient property;
- 10 providing for calculation of the amount of the credit equipment that uses solar
- energy to generate electricity or to heat or cool a structure or provide hot water
- 12 <u>for use in a structure</u>; allowing a credit against the State income tax for certain
- electricity produced from certain qualified resources; providing for ealculation of
- 14 the amount of the credit; providing for the carryover of certain unused credit to
- 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

	HOUSE BILL 20
1 2 3 4 5	develop certain voluntary labeling and public information materials; defining certain terms; providing for the application and termination of this Act; and generally relating to certain State income tax credits incentives for the cost of certain energy-efficient property and for certain electricity produced from certain qualified resources.
6 7 8 9 10	BY repealing and reenacting, with amendments, Article - Tax - General Section 2-1302.1 Annotated Code of Maryland (1997 Replacement Volume and 1999 Supplement)
11 12 13 14 15	Section 3-215(b)(4) and 8-402(b)(5)
16 17 18 19 20	Section 13-815
21 22 23 24 25	Section 10-718 and, 10-719, and 11-226
26 27	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:
28	Article - Tax - General

- 29 10 718.
- 30 <u>2-1302.1.</u>
- 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

32

33 THAT:

HOUSE BILL 20 1 AND USE TAX REVENUE THE COMPTROLLER 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. THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF THE FOLLOWING 6 7 ELECTRIC APPLIANCES THAT MEET OR EXCEED THE APPLICABLE ENERGY STAR 8 EFFICIENCY REOUIREMENTS DEVELOPED BY THE UNITED STATES ENVIRONMENTAL 9 PROTECTION AGENCY AND THE UNITED STATES DEPARTMENT OF ENERGY: (1) A CLOTHES WASHER PURCHASED ON OR AFTER JULY 1, 2000, BUT 11 BEFORE JULY 1, 2003; (2) A ROOM AIR CONDITIONER PURCHASED ON OR AFTER JANUARY 1, 13 2001, BUT BEFORE JULY 1, 2004; OR 14 A STANDARD SIZE REFRIGERATOR PURCHASED ON OR AFTER JULY 1, (3) 15 2001, BUT BEFORE JULY 1, 2004. **Article - Transportation** 16 17 3-215. 18 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. All revenues collected from the following, after deductions provided by law, 25 shall be credited to the Gasoline and Motor Vehicle Revenue Account: 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. IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS 30 (A) (1) 31 INDICATED.

"AUTOMOBILE" MEANS A 4-WHEELED VEHICLE PROPELLED BY FUEL

35

 $\overline{\text{(I)}}$

	ROADS, AND HIGH AND	(I) HWAYS,	IS MANUFACTURED PRIMARILY FOR USE ON PUBLIC STREETS, OTHER THAN FOR USE EXCLUSIVELY ON A RAIL OR RAILS;
4 5	VEHICLE WEIGHT	(II)	IS RATED AT NOT MORE THAN 8,500 POUNDS UNLOADED GROSS
8	HEAT PUMP, CENT	EAT PUN FRAL AI	GY EFFICIENT BUILDING PROPERTY" MEANS A FUEL CELL, IP, ELECTRIC HEAT PUMP HOT WATER HEATER, ELECTRIC R CONDITIONER, OR ADVANCED NATURAL GAS WATER EREQUIREMENTS OF SUBSECTION (F) OF THIS SECTION.
10 11	SUBTITLE. (3)	<u>"EXCIS</u>	SE TAX" MEANS THE TAX IMPOSED UNDER § 13-809 OF THIS
14	NON-HEAT ENER	HEAT E	MUM AVAILABLE POWER" MEANS THE MAXIMUM VALUE OF NGINE AND ELECTRIC DRIVE SYSTEM POWER OR OTHER VERSION DEVICES AVAILABLE FOR A DRIVER'S COMMAND RATION AT VEHICLE SPEEDS UNDER 75 MILES PER HOUR.
18 19	THAT MEETS APP CERTIFICATION F	AR PHO LICABL REQUIRI	OVOLTAIC PROPERTY" MEANS SOLAR ENERGY PROPERTY OTOVOLTAIC PROCESS TO GENERATE ELECTRICITY AND E PERFORMANCE AND QUALITY STANDARDS AND EMENTS IN EFFECT AT THE TIME OF ACQUISITION OF THE D BY THE MARYLAND ENERGY ADMINISTRATION.
21 22	(6) § 30 OF THE INTE	<u>(5)</u> RNAL RI	"QUALIFIED ELECTRIC VEHICLE" HAS THE MEANING STATED IN EVENUE CODE.
23	(7)	"QUAI	IFIED ENERGY PROPERTY" MEANS:
24		(I)	ENERGY EFFICIENT BUILDING PROPERTY;
25		(II)	SOLAR WATER HEATING PROPERTY; OR
26		(III)	PHOTOVOLTAIC PROPERTY.
27	(8)	<u>(6)</u>	"QUALIFIED HYBRID VEHICLE" MEANS AN AUTOMOBILE THAT:
28 29	THAT;	<u>(I)</u>	MEETS ALL APPLICABLE REGULATORY REQUIREMENTS AND
			MEETS THE CURRENT VEHICLE EXHAUST STANDARD SET OW-EMISSION VEHICLE PROGRAM FOR SSENGER CARS; AND
33 34	FOLLOWING ON-1	(III) BOARD	CAN DRAW PROPULSION ENERGY FROM BOTH OF THE SOURCES OF STORED ENERGY:

1. A CONSUMABLE FUEL GASOLINE; AND

1		(II)	<u>2.</u>	A RECHARGEABLE ENERGY STORAGE SYSTEM.		
2 3	(9) SOLAR ENERGY:	(I)	"SOLAI	R ENERGY PROPERTY" MEANS EQUIPMENT THAT USES		
4			1.	TO GENERATE ELECTRICITY;		
5 6	FOR USE IN A STR	UCTURE	2. E; OR	TO HEAT OR COOL A STRUCTURE OR PROVIDE HOT WATER		
7			3.	TO PROVIDE SOLAR PROCESS HEAT.		
	POOL, HOT TUB, O OTHER THAN STO			R ENERGY PROPERTY" DOES NOT INCLUDE A SWIMMING ENERGY STORAGE MEDIUM THAT HAS A FUNCTION		
11 12	(10) PROPERTY THAT:	"SOLA!	R WATE	R HEATING PROPERTY" MEANS SOLAR ENERGY		
				INSTALLED IN CONNECTION WITH A STRUCTURE, USES SE OF PROVIDING HOT WATER FOR USE WITHIN THE		
	AND CERTIFICATI		UIREMI	APPLICABLE PERFORMANCE AND QUALITY STANDARDS ENTS IN EFFECT AT THE TIME OF ACQUISITION OF A THE MARYLAND ENERGY ADMINISTRATION.		
21	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 QUA	LIFIED I	ELECTRIC VEHICLE;		
24	(2)	A QUA	LIFIED I	HYBRID VEHICLE;		
25 26	(3) MEETING THE RE			Y ENERGY EFFICIENT PRINCIPAL RESIDENCE OF SUBSECTION (E) OF THIS SECTION; OR		
27	(4)	QUALI	FIED EN	ERGY PROPERTY.		
	DURING THE TAX	ABLE Y	EAR, TH	ALIFIED ELECTRIC VEHICLE PLACED IN SERVICE IE CREDIT ALLOWED UNDER THIS SECTION TO THE LESSER OF:		
31		(I)	5% OF	THE COST OF THE QUALIFIED ELECTRIC VEHICLE; OR		
32		(II)	\$2,000.			
33 34	(2) SUBSECTION FOR			OT ALLOWED FOR A VEHICLE UNDER THIS AT 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% OF 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

2 PER HOUR TO 0 MILES PER HOUR BRAKING EVENT: (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 \$500 IF THE VEHICLE'S REGENERATIVE BRAKING SYSTEM 7 (III) 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 FOR A VEHICLE UNLESS THE OWNER HAS ALREADY MET OR (3) 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) <u>(1)</u> THE MOTOR VEHICLE ADMINISTRATION AND THE MARYLAND 19 ENERGY ADMINISTRATION JOINTLY SHALL ADOPT REGULATIONS TO ADMINISTER 20 THE CREDIT UNDER THIS SECTION. THE REGULATIONS ADOPTED UNDER THIS SECTION SHALL SPECIFY 21 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. ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE MOTOR VEHICLE 25 (F) (G) 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 A CREDIT IS NOT ALLOWED UNDER THIS SUBSECTION FOR A (3)30 VEHICLE: THAT IS NOT TITLED AND REGISTERED IN THE STATE; OR 31 (I) 32 $\left(\mathbf{H}\right)$ FOR WHICH A CREDIT IS ALLOWED UNDER SUBSECTION (C) OF 33 THIS SECTION. 34 (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.

1 LESS THAN 40% OF THE ENERGY AVAILABLE FROM BRAKING IN A TYPICAL 60 MILES

1	(E) (1)	FOR AN	N INDIVIDUAL WHO PURCHASES A NEW, HIGHLY
2	ENERGY-EFFICIE	NT PRINC	CIPAL RESIDENCE DURING THE TAXABLE YEAR, THE
3	CREDIT ALLOWE	D UNDER	THIS SECTION INCLUDES AN AMOUNT EQUAL TO:
4		(I)	\$1,000 IF THE PROPERTY QUALIFIES AS 30% PROPERTY AS
5	DETERMINED UN	IDER PAR	AGRAPH (3) OF THIS SUBSECTION;
_		(TT)	\$4.500 VERVIE DD ODEDEN OVALVENES AS 400 DD ODEDEN AS
6	DETERMINED IN	(II)	\$1,500 IF THE PROPERTY QUALIFIES AS 40% PROPERTY AS
/	DETERMINED UN	IDEK PAK	AGRAPH (3) OF THIS SUBSECTION; OR
0		(III)	\$2,000 IE THE DRODEDTY OHATIEIES AS 500/ DRODEDTY AS
8	DETERMINED IIN	(III)	\$2,000 IF THE PROPERTY QUALIFIES AS 50% PROPERTY AS AGRAPH (3) OF THIS SUBSECTION.
7	DETERMINED ON	DEN FAN	AGRAM (3) OF THIS SUBSECTION:
10	(2)	DD ODE	RTY QUALIFIES AS A NEW, HIGHLY ENERGY-EFFICIENT
11			NDER THIS SUBSECTION IF:
	THE TEST	DEIVEE C	ADDICTING SOBSECTION II.
12		(I)	THE PROPERTY IS LOCATED IN THE STATE;
		· /	, and the second se
13		(II)	THE ORIGINAL USE OF THE PROPERTY COMMENCES WITH THE
14	TAXPAYER;		
15		(III)	WITHIN 60 DAYS OF THE ORIGINAL USE, THE PROPERTY IS THE
16	PRINCIPAL RESI	DENCE O	FTHE TAXPAYER WITHIN THE MEANING OF § 121 OF THE
17	INTERNAL REVE	NUE COE	DE; AND
18	OTTAL PERED TO D	(IV)	BEFORE THE ORIGINAL USE COMMENCES, AN INDIVIDUAL
	-		VE COMPLIANCE CERTIFIES THE PROPERTY AS BEING 50%
		PROPERT	Y, OR 30% PROPERTY UNDER PARAGRAPH (3) OF THIS
21	SUBSECTION.		
22	(3)	E∪D DI	PRPOSES OF THIS SUBSECTION, PROPERTY IS 50% PROPERTY,
	` '		ROPERTY IF THE PROJECTED ENERGY USAGE OF THE
			Y AT LEAST 50%, 40%, OR 30%, RESPECTIVELY, COMPARED TO
			REFERENCE HOUSE THAT COMPLIES WITH MINIMUM
_			LLED FOR UNDER THE 1995 MODEL ENERGY CODE, AS
			G TO THE REQUIREMENTS SPECIFIED IN REGULATIONS
			AND ENERGY ADMINISTRATION.
29	(4)	A DETI	ERMINATION OF COMPLIANCE MADE FOR THE PURPOSES OF
			BE FILED WITH THE MARYLAND ENERGY ADMINISTRATION
			ATE OF THE DETERMINATION AND SHALL INCLUDE THE
_		-	ON NUMBER OF THE CERTIFIER, THE ADDRESS OF THE
			CE, AND THE IDENTITY OF THE PERSON FOR WHOM THE
34	DETERMINATION	N WAS PE	K FUKMED.
25	(F)	THE M	ADVI AND ENERGY ADMINISTRATION SHALL FOR ADLISH
35	(5)		ARYLAND ENERGY ADMINISTRATION SHALL ESTABLISH THEICATION AND COMPLIANCE PROCEDURES AFTER
	~		TIFICATION AND COMPLIANCE PROCEDURES AFTER EMENTS FOR ENERGY CONSULTANTS AND HOME ENERGY
		-	EMENTS FOR ENERGY CONSULTANTS AND HOME ENERGY EFFIED BY THE MORTGAGE INDUSTRY NATIONAL
			THEO BY THE MORTGAGE INDUSTRY NATIONAL OURES FOR HOME ENERGY RATING SYSTEMS.
של	ACCREDITATION	TROCEL	ONLD I ON HOME EMEROT ANTITYO BIBIEMB.

3	PURPOSES OF THIS SUBSECT	FION ON	IS QUALIFIED TO DETERMINE COMPLIANCE FOR ILY IF THE INDIVIDUAL IS RECOGNIZED BY AN MARYLAND ENERGY ADMINISTRATION FOR SUCH
7	THE TAXABLE YEAR, SUBJECT	CT TO T	ENERGY PROPERTY PLACED IN SERVICE DURING THE LIMITATIONS UNDER PARAGRAPH (2) OF THIS ED UNDER THIS SECTION INCLUDES, FOR EACH
9 10			THE COST OF PHOTOVOLTAIC PROPERTY OR SOLAR
11	1 (II) 10	0% OF T	HE COST OF:
12	2 1.	. A	FUEL CELL THAT:
13 14	3 A 4 ELECTROCHEMICAL PROCE		SENERATES ELECTRICITY AND HEAT USING AN
15 16	5 6 GREATER THAN 35%; AND	. H	IAS AN ELECTRICITY ONLY GENERATION EFFICIENCY
17 18	7 8 KILOWATTS;	!. H	IAS A MINIMUM GENERATING CAPACITY OF 5
19 20			NATURAL GAS HEAT PUMP THAT HAS A COEFFICIENT OF OR HEATING AND AT LEAST 0.70 FOR COOLING;
21 22	1 2 YIELDS AN ENERGY FACTO		N ELECTRIC HEAT PUMP HOT WATER HEATER THAT FLEAST 1.7;
		AT LEA	N ELECTRIC HEAT PUMP THAT HAS A HEATING SYSTEM AST 9 AND A COOLING SEASONAL ENERGY 5;
26 27	6 5. 7 SEASONAL ENERGY EFFICI E		CENTRAL AIR CONDITIONER THAT HAS A COOLING ATIO OF AT LEAST 15; OR
28 29	8 9 AN ENERGY FACTOR OF AT		N ADVANCED NATURAL GAS WATER HEATER THAT HAS 0.80; OR
30 31	0 (III) 59 1 NOT DESCRIBED UNDER ITE		IE COST OF QUALIFIED ENERGY PROPERTY THAT IS OF THIS PARAGRAPH AND IS:
		AT LEA	AN ELECTRIC HEAT PUMP THAT HAS A HEATING SYSTEM AST 7.5 AND A COOLING SEASONAL ENERGY 3.5;
35 36	5 6 SEASONAL ENERGY EFFICI I		CENTRAL AIR CONDITIONER THAT HAS A COOLING ATIO OF AT LEAST 13.5; OR

1 2	AN ENERGY FACTO	OR OF A	3. T LEAS	AN ADVANCED NATURAL GAS WATER HEATER THAT HAS T 0.65.
3	(2)	THE CI	REDIT A	LLOWED UNDER THIS SUBSECTION MAY NOT EXCEED:
4		(I)	\$1,000 I	FOR EACH SYSTEM FOR PHOTOVOLTAIC PROPERTY;
5 6	PROPERTY;	(II)	\$500 FC	OR EACH SYSTEM FOR SOLAR WATER HEATING
7 8	DESCRIBED IN PAR	(III) RAGRAF		OR EACH KILOWATT OF CAPACITY FOR A FUEL CELL 1-OF THIS SUBSECTION;
9 10	DESCRIBED IN PA	(IV) RAGRAI		OR EACH UNIT FOR A NATURAL GAS HEAT PUMP)2 OF THIS SUBSECTION;
13	,	ATER HI	IC HEAT	OR EACH UNIT FOR AN ELECTRIC HEAT PUMP HOT F PUMP, CENTRAL AIR CONDITIONER, OR ADVANCED DESCRIBED IN PARAGRAPH (1)(II)3 THROUGH 6 OF
	AIR CONDITIONER PARAGRAPH (1)(II	*	OVANCE .	OR EACH UNIT FOR AN ELECTRIC HEAT PUMP, CENTRAL ED NATURAL GAS WATER HEATER DESCRIBED IN SECTION.
18 19	SECTION 2. AN read as follows:	D BE IT	FURTH	ER ENACTED, That the Laws of Maryland
20				Article - Tax - General
21	<u>10-718.</u>			
22 23	(A) (1) INDICATED.	IN THIS	S SECTIO	ON THE FOLLOWING WORDS HAVE THE MEANINGS
26 27	THAT USES A SOL THAT MEETS APPI CERTIFICATION R	AR PHO LICABLI EQUIRE	TOVOL' E PERFC MENTS	AIC PROPERTY" MEANS SOLAR ENERGY PROPERTY TAIC PROCESS TO GENERATE ELECTRICITY AND DRMANCE AND QUALITY STANDARDS AND IN EFFECT AT THE TIME OF ACQUISITION OF THE E MARYLAND ENERGY ADMINISTRATION.
29 30	(3) SOLAR ENERGY:	<u>(I)</u>	<u>"SOLAI</u>	R ENERGY PROPERTY" MEANS EQUIPMENT THAT USES
31			<u>1.</u>	TO GENERATE ELECTRICITY;
32 33	FOR USE IN A STR	UCTURI	<u>2.</u> E; OR	TO HEAT OR COOL A STRUCTURE OR PROVIDE HOT WATER
34			3.	TO PROVIDE SOLAR PROCESS HEAT.

	POOL, HOT TUB, O OTHER THAN STOR		"SOLAR ENERGY PROPERTY" DOES NOT INCLUDE A SWIMMING OTHER ENERGY STORAGE MEDIUM THAT HAS A FUNCTION
4 5	PROPERTY THAT:	"SOLAI	R WATER HEATING PROPERTY" MEANS SOLAR ENERGY
	SOLAR ENERGY FO STRUCTURE; AND	(<u>I)</u> OR THE I	WHEN INSTALLED IN CONNECTION WITH A STRUCTURE, USES PURPOSE OF PROVIDING HOT WATER FOR USE WITHIN THE
			MEETS APPLICABLE PERFORMANCE AND QUALITY STANDARDS DUIREMENTS IN EFFECT AT THE TIME OF ACQUISITION OF FIED BY THE MARYLAND ENERGY ADMINISTRATION.
14	STATE INCOME TA	AX FOR WATER	L OR A CORPORATION MAY CLAIM A CREDIT AGAINST THE A TAXABLE YEAR AS PROVIDED IN THIS SECTION FOR THE HEATING PROPERTY OR PHOTOVOLTAIC PROPERTY PLACED TAXABLE YEAR.
		CREDI	CT TO THE LIMITATIONS UNDER PARAGRAPH (2) OF THIS F ALLOWED UNDER THIS SECTION INCLUDES 15% OF THE OF PHOTOVOLTAIC PROPERTY OR SOLAR WATER HEATING
20	<u>(2)</u>	THE CE	REDIT ALLOWED UNDER THIS SUBSECTION MAY NOT EXCEED:
21		<u>(I)</u>	\$2,000 FOR EACH SYSTEM FOR PHOTOVOLTAIC PROPERTY; AND
22 23	PROPERTY.	<u>(II)</u>	\$1,000 FOR EACH SYSTEM FOR SOLAR WATER HEATING
26 27	THAT TAXABLE Y	EAR, CA D §§ 10-	THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS BLE YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR ALCULATED BEFORE APPLICATION OF THE CREDITS UNDER 701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER HER CREDITS ALLOWABLE UNDER THIS SUBTITLE.
29 30	` '		NUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY O ANY OTHER TAXABLE YEAR.
33	DETERMINING MARESPECT TO WHICE	ARYLAN CH THE (T AS OTHERWISE PROVIDED IN THIS TITLE, FOR PURPOSES OF ID TAXABLE INCOME, THE BASIS OF PROPERTY WITH CREDIT UNDER THIS SECTION IS ALLOWED SHALL BE ITS DIME TAX PURPOSES.
35 36	(I) (<u>F)</u> PROPERTY PLACE		REDIT UNDER THIS SECTION MAY NOT BE CLAIMED FOR RVICE <u>:</u>
37	(1)	BEEOR1	F II II V 1 2000: OR

1	(2) AFT	ER DECEM	IBER 31, 2004.
2 3	SECTION 3. AND BE read as follows:	IT FURTH	ER ENACTED, That the Laws of Maryland
4			Article - Tax - General
5	10-719.		
6 7	(A) (1) IN TO	HIS SECTIO	ON THE FOLLOWING WORDS HAVE THE MEANINGS
	(2) (I) PARAGRAPH, "QUALIFII OF THE INTERNAL REV	ED ENERG	T AS PROVIDED IN SUBPARAGRAPH (II) OF THIS Y RESOURCES" HAS THE MEANING STATED IN § 45 DE.
	(II) NONHAZARDOUS, CELL OTHER WASTE MATER	LULOSIC V	IFIED ENERGY RESOURCES" INCLUDES ANY SOLID, WASTE MATERIAL THAT IS SEGREGATED FROM IS DERIVED FROM:
14 15	NOT INCLUDING OLD-C	1. GROWTH T	ANY OF THE FOLLOWING FOREST-RELATED RESOURCES, IMBER:
16		A.	MILL RESIDUES;
17		B.	PRECOMMERCIAL PRE-COMMERCIAL THINNINGS;
18		C.	SLASH; OR
19		D.	BRUSH;
			WASTE PALLETS, CRATES, AND DUNNAGE AND TRIMMINGS, NOT INCLUDING UNSEGREGATED POST-CONSUMER WASTE PAPER; OR
	CROPS, VINEYARD, GR RESIDUES.	3. AIN, LEGU	AGRICULTURAL SOURCES, INCLUDING ORCHARD TREE JMES, SUGAR, AND OTHER CROP BY-PRODUCTS OR
		ED MARY	T AS PROVIDED IN SUBPARAGRAPHS (II) AND (III) OF THIS LAND FACILITY" MEANS A QUALIFIED FACILITY, AS AL REVENUE CODE, THAT IS LOCATED IN THE STATE.
29 30	(II) FACILITY ORIGINALLY		IFIED MARYLAND FACILITY" DOES NOT INCLUDE ANY IN SERVICE BEFORE JANUARY 1, 2001.
31 32	THAT:	"QUAL	IFIED MARYLAND FACILITY" INCLUDES A FACILITY
33 34	SUBSECTION TO PROD	1. UCE ELEC	USES BIOMASS DESCRIBED IN PARAGRAPH (2)(II) OF THIS TRICITY;

1	2.	IS OWNED BY THE TAXPAYER; AND
2	2 3. 3 JANUARY 1, 2001.	IS ORIGINALLY PLACED IN SERVICE ON OR AFTER
		ALIFIED ENERGY RESOURCES" INCLUDES METHANE GAS COBIC DECOMPOSITION OF ORGANIC MATERIALS IN A TREATMENT PLANT.
		CEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS RYLAND FACILITY" MEANS A FACILITY LOCATED IN THE
		IS ORIGINALLY PLACED IN SERVICE ON OR AFTER
15 16 17	4 CONCURRENTLY PRODUCED 5 CO-FIRED AT THE FACILITY W 6 QUALIFIED ENERGY RESOURCE	PRODUCES ELECTRICITY FROM COAL IF ELECTRICITY IS FROM A QUALIFIED ENERGY RESOURCE THAT IS VITH COAL AND INITIALLY BEGINS CO-FIRING A CE ON OR BEFORE JANUARY 1, 2001 BUT BEFORE SS OF WHEN THE ORIGINAL FACILITY WAS ORIGINALLY
		ALL MENERS AND REAL COLUMN IN OFFICIAL PROPERTY OF THE ALL MENERS AND
		ALIFIED MARYLAND FACILITY" DOES NOT INCLUDE A LE FOR THE TAX CREDIT UNDER § 45 OF THE INTERNAL
20 21 22	0 QUALIFIED FACILITY ELIGIBI 1 REVENUE CODE:	E FOR THE TAX CREDIT UNDER § 45 OF THE INTERNAL THAT IS ORIGINALLY PLACED IN SERVICE BEFORE
20 21 22 23 24 25 26 27	O QUALIFIED FACILITY ELIGIBI REVENUE CODE: 1 JANUARY 1, 2002; OR EXTEND THE APPLICABILITY ORIGINALLY PLACED IN SERV	E FOR THE TAX CREDIT UNDER § 45 OF THE INTERNAL THAT IS ORIGINALLY PLACED IN SERVICE BEFORE
20 21 22 23 24 25 26 27 28 29 30 31	O QUALIFIED FACILITY ELIGIBI REVENUE CODE: 1	THAT IS ORIGINALLY PLACED IN SERVICE BEFORE IF § 45 OF THE INTERNAL REVENUE CODE IS AMENDED TO OF THE CREDIT UNDER THAT SECTION, THAT IS VICE DURING THE TIME PERIOD SPECIFIED IN § 45 OF
20 21 22 23 24 25 26 27 28 29 30 31 32	O QUALIFIED FACILITY ELIGIBI REVENUE CODE: 1	THAT IS ORIGINALLY PLACED IN SERVICE BEFORE IF § 45 OF THE INTERNAL REVENUE CODE IS AMENDED TO OF THE CREDIT UNDER THAT SECTION, THAT IS VICE DURING THE TIME PERIOD SPECIFIED IN § 45 OF DE FOR ELIGIBILITY FOR THE CREDIT UNDER THAT PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A EDIT AGAINST THE STATE INCOME TAX FOR A TAXABLE

1	<u>2.</u>	IN THE CASE OF A FACILITY THAT PRODUCES
2 ELECTRICITY FROM A QU	JALIFIED	ENERGY RESOURCE THAT IS CO-FIRED WITH

- 3 COAL, THE LATER OF THE DATE OF THE INITIAL CO-FIRING OR JANUARY 1, 2001; AND
- 4 (II) SOLD BY THE TAXPAYER TO AN UNRELATED PERSON A PERSON
- 5 OTHER THAN A RELATED PERSON, WITHIN THE MEANING OF § 45 OF THE INTERNAL
- 6 REVENUE CODE, DURING THE TAXABLE YEAR.
- 7 (2) IF THE ELECTRICITY IS PRODUCED FROM BIOMASS A QUALIFIED
- 8 ENERGY RESOURCE THAT IS CO-FIRED AT A FACILITY THAT PRODUCES ELECTRICITY
- 9 FROM COAL, THE CREDIT IS 0.05 0.5 CENTS FOR EACH KILOWATT HOUR OF
- 10 ELECTRICITY PRODUCED FROM THE QUALIFIED ENERGY RESOURCE INSTEAD OF
- 11 0.85 CENTS.
- 12 (C) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE STATE
- 13 INCOME TAX, ANY UNUSED CREDIT MAY BE CARRIED FORWARD AND APPLIED FOR
- 14 SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:
- 15 (1) THE FULL AMOUNT OF THE CREDIT IS USED; OR
- 16 (2) THE EXPIRATION OF THE 10TH TAXABLE YEAR AFTER THE TAXABLE 17 YEAR IN WHICH THE CREDIT AROSE.
- 18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 19 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,
- 20 2000 but before January 1, 2005. It shall remain effective for a period of 5 years and,
- 21 at the end of June 30, 2005, with no further action required by the General Assembly,
- 22 this Act shall be abrogated and of no further force and effect.
- 23 SECTION 4. AND BE IT FURTHER ENACTED, That the Maryland Energy
- 24 Administration, in consultation with manufacturers, retailers, and public interests
- 25 groups, shall develop voluntary labeling and public information materials to identify
- 26 products eligible for the tax incentives provided under this Act.
- 27 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
- 28 be applicable to all taxable years beginning after December 31, 1999.
- 29 SECTION 6. AND BE IT <u>FURTHER ENACTED</u>, That Section 3 of this Act shall
- 30 be applicable to all taxable years beginning after December 31, 2000.
- 31 SECTION 7. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 32 July 1, 2000.