
By: **Garrett County Delegation and Allegany County Delegation**

Introduced and read first time: February 10, 2000

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland-Mined Coal - Tax Credits**

3 FOR the purpose of modifying a credit against the public service company franchise
4 tax available to a public service company, based on the purchase of
5 Maryland-mined coal, by repealing a limitation on the availability of the credit
6 to coal purchases exceeding that purchased in a specified year; repealing a
7 termination date applicable to the credit; modifying a credit against the income
8 tax available to a cogenerator, based on the purchase of Maryland-mined coal,
9 by repealing a limitation on the availability of the credit to coal purchases
10 exceeding that purchased in a specified year; extending availability of the credit
11 against the income tax to certain electricity suppliers that are not subject to the
12 public service company franchise tax; making stylistic changes; and generally
13 relating to the application and availability of tax credits to certain purchasers of
14 Maryland coal.

15 BY repealing and reenacting, without amendments,
16 Article - Public Utility Companies
17 Section 1-101(j)
18 Annotated Code of Maryland
19 (1998 Volume and 1999 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article - Tax - General
22 Section 8-406(b) and 10-704.1
23 Annotated Code of Maryland
24 (1997 Replacement Volume and 1999 Supplement)

25 BY repealing
26 Chapter 792 of the Acts of the General Assembly of 1988, as amended by
27 Chapter 833 of the Acts of the General Assembly of 1989
28 Section 8

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

1 **Article - Public Utility Companies**

2 1-101.

3 (j) (1) "Electricity supplier" means a person:

4 (i) who sells:

5 1. electricity;

6 2. electricity supply services;

7 3. competitive billing services; or

8 4. competitive metering services; or

9 (ii) who purchases, brokers, arranges, or markets electricity or
10 electricity supply services for sale to a retail electric customer.

11 (2) "Electricity supplier" includes an electric company, an aggregator, a
12 broker, and a marketer of electricity.

13 (3) "Electricity supplier" does not include:

14 (i) the following persons who supply electricity and electricity
15 supply services solely to occupants of a building for use by the occupants:

16 1. an owner/operator who holds ownership in and manages
17 the internal distribution system serving the building; or

18 2. a lessee/operator who holds a leasehold interest in and
19 manages the internal distribution system serving the building; or

20 (ii) a person who generates on-site generated electricity.

21 **Article - Tax - General**

22 8-406.

23 (b) A public service company, including any multijurisdictional public service
24 company, may claim a credit against the public service company franchise tax in the
25 amount of \$3 for each ton of Maryland-mined coal that the public service company
26 purchased in the calendar year [in excess of the number of tons of Maryland-mined
27 coal that the public service company purchased in 1986].

28 10-704.1.

29 (a) (1) In this section[, "cogenerator"] THE FOLLOWING WORDS HAVE THE
30 MEANINGS INDICATED.

1 (2) "COGENERATOR" means a qualifying cogenerator or qualifying small
2 power producer as determined by the Federal Energy Regulatory Commission under
3 the Public Utility Regulatory Policies Act of 1978.

4 (3) "ELECTRICITY SUPPLIER" HAS THE MEANING STATED IN § 1-101 OF
5 THE PUBLIC UTILITY COMPANIES ARTICLE.

6 (b) THIS SECTION DOES NOT APPLY TO A COGENERATOR OR ELECTRICITY
7 SUPPLIER THAT IS SUBJECT TO THE PUBLIC SERVICE COMPANY FRANCHISE TAX.

8 (C) A cogenerator [that is not subject to the public service company franchise
9 tax] OR ELECTRICITY SUPPLIER may claim a credit against the State income tax in
10 the amount of \$3 for each ton of Maryland-mined coal that the cogenerator OR
11 ELECTRICITY SUPPLIER purchased in the taxable year [in excess of the number of
12 tons of Maryland-mined coal that the cogenerator purchased in calendar year 1986].

13 [(c)] (D) (1) A cogenerator OR ELECTRICITY SUPPLIER may only apply the
14 credit against the State income tax for the taxable year in which the credit was
15 earned.

16 (2) The amount of the credit may not exceed the State income tax for
17 that taxable year.

18 **Chapter 792 of the Acts of 1988, as amended by Chapter 833 of the Acts of**
19 **1989**

20 [SECTION 8. AND BE IT FURTHER ENACTED, That, at the end of June 30,
21 2001, and with no further action required by the General Assembly, this Act shall be
22 abrogated and of no further force or effect.]

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 2000.