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

Introduced and read first time: February 10, 2000

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 15, 2000

CHAPTER _____

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)

1 BY repealing

2 Chapter 792 of the Acts of the General Assembly of 1988, as amended by

3 Chapter 833 of the Acts of the General Assembly of 1989

4 Section 8

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article - Public Utility Companies**

8 1-101.

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

10 (i) who sells:

11 1. electricity;

12 2. electricity supply services;

13 3. competitive billing services; or

14 4. competitive metering services; or

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

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

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

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

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

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

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

27 **Article - Tax - General**

28 8-406.

29 (b) A public service company, including any multijurisdictional public service
30 company, may claim a credit against the public service company franchise tax in the
31 amount of \$3 for each ton of Maryland-mined coal that the public service company

1 purchased in the calendar year [in excess of the number of tons of Maryland-mined
2 coal that the public service company purchased in 1986].

3 10-704.1.

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

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

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

11 (b) THIS SECTION DOES NOT APPLY TO:

12 (1) A COGENERATOR OR ELECTRICITY SUPPLIER THAT IS SUBJECT TO
13 THE PUBLIC SERVICE COMPANY FRANCHISE TAX; OR

14 (2) AN ELECTRICITY SUPPLIER THAT, BEFORE JULY 1, 1999, WAS NOT AN
15 ELECTRIC COMPANY AS DEFINED IN § 1-101 OF THE PUBLIC UTILITY COMPANIES
16 ARTICLE AS IN EFFECT ON JUNE 30, 1999, UNLESS THE ELECTRICITY SUPPLIER IS AN
17 AFFILIATE OF SUCH AN ELECTRIC COMPANY.

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

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

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

28 **Chapter 792 of the Acts of 1988, as amended by Chapter 833 of the Acts of**
29 **1989**

30 [SECTION 8. AND BE IT FURTHER ENACTED, That, at the end of June 30,
31 2001, and with no further action required by the General Assembly, this Act shall be
32 abrogated and of no further force or effect.]

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

