

SENATE BILL 414

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Q7

2000 Regular Session
(01r1399)

ENROLLED BILL
-- Budget and Taxation/Ways and Means --

Introduced by **Senator Hoffman**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 ~~Steam Heating Companies~~ **Property Taxation - Property Used to Generate**
3 **Steam or Hot or Chilled Water**

4 FOR the purpose of providing a credit against the corporate income tax for certain
5 property taxes paid on certain operating real property used to generate steam
6 for sale; providing an addition modification under the corporate income tax in
7 the amount of the credit; altering certain separate property tax subclasses in
8 personal property for machinery and equipment used to generate electricity to
9 include certain machinery and equipment ~~used to generate steam~~ within the
10 certain subclasses; providing a partial exemption from property tax for
11 machinery and equipment used to generate steam for sale or to generate hot or
12 chilled water for sale for certain purposes; ~~phasing in the exemption over a~~
13 ~~certain period~~ providing for the application of this Act; and generally relating to
14 the property taxation of certain machinery and equipment used to generate
15 steam or to generate hot or chilled water for sale for certain purposes.

16 BY repealing and reenacting, with amendments,

1 Article - Tax - General
 2 Section 10-306(d) and 10-712
 3 Annotated Code of Maryland
 4 (1997 Replacement Volume and 1999 Supplement)

5 BY repealing and reenacting, with amendments,
 6 Article - Tax - Property
 7 Section 7-237 and 8-101(c)
 8 Annotated Code of Maryland
 9 (1994 Replacement Volume and 1999 Supplement)

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

12 **Article - Tax - General**

13 10-306.

14 (d) The addition under subsection (a) of this section includes the amount of the
 15 credit allowed under § 10-712 of this title for property taxes paid by a public utility on
 16 operating real property that is used to generate electricity OR STEAM for sale.

17 10-712.

18 (a) A public utility may claim a credit against the State income tax in an
 19 amount equal to 60% of the total property taxes paid by the public utility on its
 20 operating real property in the State, other than operating land, that is used to
 21 generate electricity OR STEAM for sale.

22 (b) (1) For any taxable year, the credit allowed under this section may not
 23 exceed the State income tax for that taxable year, calculated before application of the
 24 credits allowed under this section and §§ 10-701 and 10-701.1 of this subtitle but
 25 after application of any other credits allowed under this subtitle.

26 (2) The unused amount of the credit for any taxable year may not be
 27 carried over to any other taxable year.

28 **Article - Tax - Property**

29 7-237.

30 (a) Except as provided in subsection (b) of this section, personal property ~~that~~
 31 IS EXEMPT FROM PROPERTY TAX IF THE PROPERTY is machinery or equipment used
 32 to generate ~~electricity~~;

33 (1) ELECTRICITY OR STEAM for sale ~~is exempt from property tax~~; OR

1 (2) HOT OR CHILLED WATER FOR SALE THAT IS USED TO HEAT OR COOL
2 A BUILDING.

3 (b) Personal property that is machinery or equipment ~~used to generate~~
4 ~~electricity OR STEAM for sale~~ DESCRIBED IN SUBSECTION (A) OF THIS SECTION is
5 subject to county or municipal corporation property tax on:

6 (1) 75% of its value for the taxable year beginning July 1, 2000; and

7 (2) 50% of its value for the taxable year beginning July 1, 2001 and each
8 subsequent taxable year.

9 8-101.

10 (c) Personal property is a class of property and is divided into the following
11 subclasses:

12 (1) stock in business;

13 (2) distilled spirits;

14 (3) operating personal property of a railroad;

15 (4) operating personal property of a public utility that is machinery or
16 equipment used to generate electricity OR STEAM FOR SALE;

17 (5) all other operating personal property of a public utility;

18 (6) machinery and equipment ~~used to generate electricity OR STEAM,~~
19 other than operating personal property of a public utility, THAT IS USED TO
20 GENERATE;

21 (I) ELECTRICITY OR STEAM FOR SALE; OR

22 (II) HOT OR CHILLED WATER FOR SALE THAT IS USED TO HEAT OR
23 COOL A BUILDING; and

24 (7) all other personal property that is directed by this article to be
25 assessed.

26 SECTION 2. AND BE IT FURTHER ENACTED, That the changes to the
27 property tax under Section 1 of this Act shall be applicable to all taxable years
28 beginning on or after July 1, 2001. The changes to the income tax under Section 1 of
29 this Act shall be applicable to all taxable years beginning after December 31, 2000;
30 provided, however, that for steam heating companies, the income tax credit allowed
31 under § 10-712 of the Tax - General Article shall be allowed only for property tax paid
32 for a property tax year beginning on or after July 1, 2001.

33 SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take
34 effect October 1, 2000.

