

SENATE BILL 414

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Q7

2000 Regular Session
0lr1399

By: **Senator Hoffman**
Introduced and read first time: February 4, 2000
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 30, 2000

CHAPTER _____

1 AN ACT concerning

2 **Steam Heating Companies - Property Taxation**

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

14 BY repealing and reenacting, with amendments,
15 Article - Tax - General
16 Section 10-306(d) and 10-712
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 1999 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article - Tax - Property
21 Section 7-237 and 8-101(c)
22 Annotated Code of Maryland
23 (1994 Replacement Volume and 1999 Supplement)

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

3 **Article - Tax - General**

4 10-306.

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

8 10-712.

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

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

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

19 **Article - Tax - Property**

20 7-237.

21 (a) Except as provided in subsection (b) of this section, personal property that
22 is machinery or equipment used to generate electricity OR STEAM for sale is exempt
23 from property tax.

24 (b) Personal property that is machinery or equipment used to generate
25 electricity OR STEAM for sale is subject to county or municipal corporation property
26 tax on:

27 (1) 75% of its value for the taxable year beginning July 1, 2000; and

28 (2) 50% of its value for the taxable year beginning July 1, 2001 and each
29 subsequent taxable year.

30 8-101.

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

33 (1) stock in business;

- 1 (2) distilled spirits;
- 2 (3) operating personal property of a railroad;
- 3 (4) operating personal property of a public utility that is machinery or
4 equipment used to generate electricity OR STEAM;
- 5 (5) all other operating personal property of a public utility;
- 6 (6) machinery and equipment used to generate electricity OR STEAM
7 other than operating personal property of a public utility; and
- 8 (7) all other personal property that is directed by this article to be
9 assessed.

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

17 ~~SECTION 2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
18 effect October 1, 2000.