

HOUSE BILL 8

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Q3

2002 Regular Session
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(PRE-FILED)

By: **Delegates Taylor, Hixson, Hurson, Arnick, Busch, Conway, Dewberry,
Doory, Howard, Kopp, McIntosh, Menes, Montague, Owings, Rawlings,
Rosenberg, Vallario, and Wood**

Requested: November 15, 2001

Introduced and read first time: January 9, 2002

Assigned to: Ways and Means and Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit - Nitrogen Removal Technology for On-Site Sewerage**
3 **Disposal Systems**

4 FOR the purpose of allowing an individual repairing, replacing, or modifying an
5 existing on-site sewerage disposal system to claim a credit against the State
6 income tax for certain costs of purchasing and installing certain nitrogen
7 removal technology, subject to a certain limitation; providing for applications to
8 the Department of Environment for approval of the credit and certification by
9 the Department to taxpayers of approved credit amounts; limiting the total
10 amount of credits that the Department may approve for any taxable year to a
11 certain amount; requiring the Department to approve a prorated credit for each
12 applicant if the total amount applied for exceeds the maximum that may be
13 approved; allowing certain unused credit amounts to be carried forward to
14 certain taxable years; providing for the application of this Act; and generally
15 relating to a State income tax credit for certain costs of certain nitrogen removal
16 technology for sewerage disposal systems.

17 BY adding to
18 Article - Tax - General
19 Section 10-724
20 Annotated Code of Maryland
21 (1997 Replacement Volume and 2001 Supplement)

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

24 **Article - Tax - General**

25 10-724.

26 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
27 INDICATED.

1 (2) "DEPARTMENT" MEANS THE DEPARTMENT OF THE ENVIRONMENT.

2 (3) "NITROGEN REMOVAL TECHNOLOGY" MEANS A SYSTEM APPROVED
3 BY THE DEPARTMENT CAPABLE OF RELIABLY ACHIEVING A NITROGEN REMOVAL
4 EFFICIENCY OF 60% OR GREATER.

5 (B) SUBJECT TO THE PROVISIONS OF THIS SECTION, AN INDIVIDUAL
6 REPAIRING, REPLACING, OR MODIFYING AN EXISTING ON-SITE SEWERAGE DISPOSAL
7 SYSTEM MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR A TAXABLE
8 YEAR IN AN AMOUNT EQUAL TO 70% OF THE COST OF PURCHASING AND INSTALLING
9 NITROGEN REMOVAL TECHNOLOGY FOR THE ON-SITE SEWERAGE DISPOSAL
10 SYSTEM.

11 (C) (1) BY NOVEMBER 1 OF THE TAXABLE YEAR FOR WHICH THE CREDIT
12 UNDER THIS SECTION IS SOUGHT, AN INDIVIDUAL SHALL SUBMIT AN APPLICATION
13 TO THE DEPARTMENT FOR APPROVAL OF THE CREDIT.

14 (2) (I) THE TOTAL AMOUNT OF CREDITS APPROVED BY THE
15 DEPARTMENT UNDER THIS SECTION MAY NOT EXCEED \$1,500,000 FOR ANY TAXABLE
16 YEAR.

17 (II) IF THE TOTAL AMOUNT OF CREDITS APPLIED FOR BY ALL
18 INDIVIDUALS EXCEEDS THE MAXIMUM SPECIFIED IN SUBPARAGRAPH (I) OF THIS
19 PARAGRAPH, THE DEPARTMENT SHALL APPROVE A CREDIT UNDER THIS SECTION
20 FOR EACH APPLICANT IN AN AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING
21 THE CREDIT APPLIED FOR TIMES A FRACTION:

22 1. THE NUMERATOR OF WHICH IS THE MAXIMUM SPECIFIED
23 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH; AND

24 2. THE DENOMINATOR OF WHICH IS THE TOTAL OF ALL
25 CREDITS APPLIED FOR BY ALL APPLICANTS UNDER THIS SECTION FOR THE TAXABLE
26 YEAR.

27 (3) BY DECEMBER 15 OF EACH TAXABLE YEAR, THE DEPARTMENT SHALL
28 CERTIFY TO EACH APPLICANT THE AMOUNT OF THE CREDIT APPROVED FOR THE
29 INDIVIDUAL UNDER THIS SECTION.

30 (4) TO CLAIM THE APPROVED CREDIT UNDER THIS SECTION, AN
31 INDIVIDUAL SHALL ATTACH A COPY OF THE DEPARTMENT'S CERTIFICATION OF THE
32 APPROVED CREDIT AMOUNT TO THE INDIVIDUAL'S INCOME TAX RETURN.

33 (D) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED
34 \$4,900 FOR ANY ON-SITE SEWERAGE DISPOSAL SYSTEM.

35 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE
36 YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE INDIVIDUAL FOR THAT
37 TAXABLE YEAR, THE INDIVIDUAL MAY APPLY THE EXCESS AS A CREDIT FOR
38 SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

1 (I) THE FULL AMOUNT OF THE EXCESS IS USED; OR

2 (II) THE EXPIRATION OF THE THIRD SUCCEEDING TAXABLE YEAR.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 2002, and shall be applicable to all taxable years beginning after December 31,
5 2001.