

HOUSE BILL 8

Unofficial Copy
Q3

2002 Regular Session
2lr1199

(PRE-FILED)

By: Delegates Taylor, Hixson, Hurson, Arnick, Busch, Conway, Dewberry, Doory, Howard, Kopp, McIntosh, Menes, Montague, Owings, Rawlings, Rosenberg, Vallario, and Wood Wood, W. Baker, Bobo, Bohanan, Burns, Cadden, Cane, Carlson, Clagett, Cole, Crouse, D'Amato, C. Davis, DeCarlo, Dembrow, Donoghue, Dypski, Finifter, Franchot, Fulton, Giannetti, Goldwater, Hecht, Hubers, James, V. Jones, Kirk, Love, Minnick, Moe, Morhaim, Parrott, Pendergrass, Petzold, Pitkin, Riley, Rosso, Rudolph, Sher, Shriver, Stern, Valderrama, and Zirkin

Requested: November 15, 2001
Introduced and read first time: January 9, 2002
Assigned to: Ways and Means and Environmental Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: April 4, 2002

CHAPTER _____

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~~ limitations; providing for
8 applications to the Department of Environment for approval of the credit and
9 certification by the Department to taxpayers of approved credit amounts;
10 limiting the total amount of credits that the Department may approve for ~~any~~
11 certain taxable year years to a certain amount; requiring the Department to
12 approve a prorated credit for each applicant if the total amount applied for
13 exceeds the maximum that may be approved; allowing certain unused credit
14 amounts to be carried forward to certain taxable years; requiring the
15 Department to adopt regulations for administering the credit; providing for the
16 application of this Act; providing for the termination of this Act; and generally
17 relating to a State income tax credit for certain costs of certain nitrogen removal
18 technology for sewerage disposal systems.

19 BY adding to

1 Article - Tax - General
2 Section 10-724
3 Annotated Code of Maryland
4 (1997 Replacement Volume and 2001 Supplement)

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

7 **Article - Tax - General**

8 10-724.

9 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
10 INDICATED.

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

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

15 (B) SUBJECT TO THE PROVISIONS OF THIS SECTION, AN INDIVIDUAL
16 REPAIRING, REPLACING, OR MODIFYING AN EXISTING ON-SITE SEWERAGE DISPOSAL
17 SYSTEM MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR A TAXABLE
18 YEAR IN AN AMOUNT EQUAL TO ~~70%~~ 50% OF THE COST OF PURCHASING AND
19 INSTALLING NITROGEN REMOVAL TECHNOLOGY FOR THE ON-SITE SEWERAGE
20 DISPOSAL SYSTEM.

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

24 (2) (I) THE TOTAL AMOUNT OF CREDITS APPROVED BY THE
25 DEPARTMENT UNDER THIS SECTION MAY NOT EXCEED ~~\$1,500,000 FOR ANY TAXABLE~~
26 ~~YEAR;~~

27 1. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
28 2002 BUT BEFORE JANUARY 1, 2004, \$250,000;

29 2. FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
30 2003 BUT BEFORE JANUARY 1, 2005, \$500,000; AND

31 3. FOR ANY TAXABLE YEAR BEGINNING AFTER DECEMBER
32 31, 2004 BUT BEFORE JANUARY 1, 2008, \$750,000.

33 (II) IF THE TOTAL AMOUNT OF CREDITS APPLIED FOR BY ALL
34 INDIVIDUALS EXCEEDS THE MAXIMUM SPECIFIED IN SUBPARAGRAPH (I) OF THIS
35 PARAGRAPH, THE DEPARTMENT SHALL APPROVE A CREDIT UNDER THIS SECTION

1 FOR EACH APPLICANT IN AN AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING
2 THE CREDIT APPLIED FOR TIMES A FRACTION:

3 1. THE NUMERATOR OF WHICH IS THE MAXIMUM SPECIFIED
4 FOR A TAXABLE YEAR UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH; AND

5 2. THE DENOMINATOR OF WHICH IS THE TOTAL OF ALL
6 CREDITS APPLIED FOR BY ALL APPLICANTS UNDER THIS SECTION FOR THE TAXABLE
7 YEAR.

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

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

14 (D) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED
15 ~~\$4,900~~ \$3,000 FOR ANY ON-SITE SEWERAGE DISPOSAL SYSTEM.

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

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

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

22 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland
23 Department of the Environment shall adopt regulations necessary to carry out the
24 provisions of this Act.

25 SECTION 2-3. AND BE IT FURTHER ENACTED, That this Act shall take
26 effect July 1, 2002, and shall be applicable to all taxable years beginning after
27 December 31, 2001 but before January 1, 2008; provided, however, that any
28 excess credits as provided under § 10-724 of the Tax - General Article may be carried
29 forward and, subject to the limitations under § 10-724 of the Tax - General Article,
30 may be applied as a credit for taxable years beginning on or after January 1, 2008.

31 SECTION 4. AND BE IT FURTHER ENACTED, That, subject to Section 3 of
32 this Act, this Act shall remain effective for a period of 6 years and, at the end of June
33 30, 2008, with no further action required by the General Assembly, this Act shall be
34 abrogated and of no further force and effect.

