

HOUSE BILL 615

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Q3

2002 Regular Session
2lr2096

By: **Delegates Finifter, Bartlett, Bohanan, Cadden, Conroy, Cryor, C. Davis,
Greenip, McKee, Morhaim, Phillips, Ports, Rosso, and Zirkin**

Introduced and read first time: February 4, 2002

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit - Ground Source Heat Pumps**

3 FOR the purpose of allowing a credit against the State income tax for certain costs of
4 a ground source heat pump placed in service during the taxable year, subject to
5 a certain limitation; limiting the credit to the State income tax for the taxable
6 year; defining a certain term; providing for the application of this Act; and
7 generally relating to a State income tax credit for certain costs of a ground
8 source heat pump placed in service during the taxable year.

9 BY adding to

10 Article - Tax - General

11 Section 10-724

12 Annotated Code of Maryland

13 (1997 Replacement Volume and 2001 Supplement)

14 Preamble

15 WHEREAS, Ground source heat pump (GSHP) systems are methods of heating
16 and cooling buildings using the ground as the energy source; and

17 WHEREAS, GSHP systems have been used for years, but recent advances have
18 made these systems viable alternatives to conventional heating and cooling systems;
19 and

20 WHEREAS, GSHPs are more environmentally friendly because they can reduce
21 the consumption of fossil fuels, such as oil and natural gas, and the potentially
22 harmful by-products associated with their use; and

23 WHEREAS, The United States Environmental Protection Agency has concluded
24 that GSHP systems are the most energy efficient and environmentally clean of all the
25 heating and cooling options; and

26 WHEREAS, The primary disadvantage of ground source heat pumps is their
27 higher installation costs; and

1 WHEREAS, It is the intent of the Maryland General Assembly to encourage the
2 citizens of the State of Maryland to use the most energy efficient and environmentally
3 clean of all the heating and cooling options; now, therefore,

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

6 **Article - Tax - General**

7 10-724.

8 (A) IN THIS SECTION, "GROUND SOURCE HEAT PUMP" MEANS A HEATING AND
9 COOLING SYSTEM THAT EXCHANGES HEAT WITH THE GROUND TO PROVIDE
10 HEATING, COOLING, OR HOT WATER HEATING.

11 (B) AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST THE
12 STATE INCOME TAX FOR A TAXABLE YEAR AS PROVIDED IN THIS SECTION FOR THE
13 COSTS OF A GROUND SOURCE HEAT PUMP PLACED IN SERVICE DURING THE
14 TAXABLE YEAR.

15 (C) (1) SUBJECT TO THE LIMITATION UNDER PARAGRAPH (2) OF THIS
16 SUBSECTION, THE CREDIT ALLOWED UNDER THIS SECTION EQUALS 10% OF THE
17 TOTAL INSTALLED COSTS OF A GROUND SOURCE HEAT PUMP.

18 (2) THE CREDIT ALLOWED UNDER THIS SUBSECTION MAY NOT EXCEED
19 \$1,000 FOR EACH GROUND SOURCE HEAT PUMP UNIT.

20 (D) (1) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS
21 SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR
22 THAT TAXABLE YEAR, CALCULATED BEFORE APPLICATION OF THE CREDITS UNDER
23 THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER
24 APPLICATION OF THE OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.

25 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY
26 NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

27 (E) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, FOR PURPOSES OF
28 DETERMINING MARYLAND TAXABLE INCOME, THE BASIS OF PROPERTY WITH
29 RESPECT TO WHICH THE CREDIT UNDER THIS SECTION IS ALLOWED SHALL BE ITS
30 BASIS FOR FEDERAL INCOME TAX PURPOSES.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 July 1, 2002 and shall be applicable to all taxable years beginning after December 31,
33 2001.