

(PRE-FILED)

By: **Senator Van Hollen**
Requested: September 13, 2001
Introduced and read first time: January 9, 2002
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Chesapeake Bay Protection - Tax Credit for Improved On-Site Sewerage**
3 **Disposal Systems**

4 FOR the purpose of allowing an individual or a corporation repairing, replacing, or
5 modifying an existing on-site sewerage disposal system to claim a credit against
6 the State income tax for certain costs of purchasing and installing certain
7 nitrogen removal technology, subject to a certain limitation; allowing certain
8 unused credit amounts to be carried forward to certain taxable years; providing
9 for the application of this Act; and generally relating to a State income tax credit
10 for certain costs of certain nitrogen removal technology for sewerage disposal
11 systems.

12 BY adding to
13 Article - Tax - General
14 Section 10-724
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 2001 Supplement)

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

19 **Article - Tax - General**

20 10-724.

21 (A) IN THIS SECTION, "NITROGEN REMOVAL TECHNOLOGY" MEANS A SYSTEM
22 APPROVED BY THE DEPARTMENT OF THE ENVIRONMENT CAPABLE OF RELIABLY
23 ACHIEVING A NITROGEN REMOVAL EFFICIENCY OF 60% OR GREATER.

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

1 (C) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED
2 \$4,900 FOR ANY ON-SITE SEWERAGE DISPOSAL SYSTEM.

3 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE
4 YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE INDIVIDUAL OR
5 CORPORATION FOR THAT TAXABLE YEAR, THE INDIVIDUAL OR CORPORATION MAY
6 APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING TAXABLE YEARS UNTIL THE
7 EARLIER OF:

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

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

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