
By: **Delegates King, Barkley, Barve, Boschert, Bozman, Bromwell, Bronrott, Cardin, G. Clagett, V. Clagett, Cryor, Dumais, Edwards, Elmore, Feldman, Franchot, Frush, Gilleland, Goodwin, Gordon, Gutierrez, Healey, Heller, Hixson, Howard, Hurson, Kaiser, Madaleno, Mandel, Menes, Montgomery, Myers, Owings, Patterson, Pendergrass, Ramirez, Ross, Simmons, Taylor, and F. Turner**

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Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 30, 2004

CHAPTER _____

1 AN ACT concerning

2 **Solar Energy Tax Credit—Extension Grant Program**

3 FOR the purpose of ~~extending the period of eligibility for a credit against the State~~
4 ~~income tax for certain costs of certain equipment that uses solar energy to~~
5 ~~generate electricity or to heat or cool a structure or provide hot water for use in~~
6 ~~a structure; and generally relating to the State income tax credit for~~
7 ~~establishing the Solar Energy Grant Program in the Maryland Energy~~
8 ~~Administration to provide certain grants to individuals, local governments, and~~
9 ~~businesses for certain portions of the costs of acquiring and installing~~
10 ~~photovoltaic property and solar water heating property; requiring the Maryland~~
11 ~~Energy Administration to administer the Program, establish certain procedures,~~
12 ~~and award grants from the Program; defining certain terms; providing for a~~
13 ~~delayed effective date; and generally relating to the Solar Energy Grant~~
14 ~~Program and equipment using solar energy.~~

15 ~~BY repealing and reenacting, with amendments,~~
16 ~~Article—Tax—General~~
17 ~~Section 10-719~~
18 ~~Annotated Code of Maryland~~
19 ~~(1997 Replacement Volume and 2003 Supplement)~~

20 BY adding to

1 Article - State Government
 2 Section 9-2006
 3 Annotated Code of Maryland
 4 (1999 Replacement Volume and 2003 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 ~~40-719.~~

9 (a) (1) ~~In this section the following words have the meanings indicated.~~

10 (2) ~~"Photovoltaic property" means solar energy property that uses a solar~~
 11 ~~photovoltaic process to generate electricity and that meets applicable performance~~
 12 ~~and quality standards and certification requirements in effect at the time of~~
 13 ~~acquisition of the property, as specified by the Maryland Energy Administration.~~

14 (3) (i) ~~"Solar energy property" means equipment that uses solar~~
 15 ~~energy:~~

16 1. ~~to generate electricity;~~

17 2. ~~to heat or cool a structure or provide hot water for use in a~~
 18 ~~structure; or~~

19 3. ~~to provide solar process heat.~~

20 (ii) ~~"Solar energy property" does not include a swimming pool, hot~~
 21 ~~tub, or any other energy storage medium that has a function other than storage.~~

22 (4) ~~"Solar water heating property" means solar energy property that:~~

23 (i) ~~when installed in connection with a structure, uses solar energy~~
 24 ~~for the purpose of providing hot water for use within the structure; and~~

25 (ii) ~~meets applicable performance and quality standards and~~
 26 ~~certification requirements in effect at the time of acquisition of the property, as~~
 27 ~~specified by the Maryland Energy Administration.~~

28 (b) ~~An individual or a corporation may claim a credit against the State income~~
 29 ~~tax for a taxable year as provided in this section for the costs of solar water heating~~
 30 ~~property or photovoltaic property placed in service during the taxable year.~~

31 (c) (1) ~~Subject to the limitations under paragraph (2) of this subsection, the~~
 32 ~~credit allowed under this section includes 15% of the total installed cost of~~
 33 ~~photovoltaic property or solar water heating property.~~

34 (2) ~~The credit allowed under this subsection may not exceed:~~

- 1 (i) \$2,000 for each system for photovoltaic property; and
- 2 (ii) \$1,000 for each system for solar water heating property.
- 3 (d) (1) ~~The total amount of the credit allowed under this section for any~~
 4 ~~taxable year may not exceed the State income tax for that taxable year, calculated~~
 5 ~~before application of the credits under this section and §§ 10-701 and 10-701.1 of this~~
 6 ~~subtitle, but after application of the other credits allowable under this subtitle.~~
- 7 (2) ~~The unused amount of the credit for any taxable year may not be~~
 8 ~~carried over to any other taxable year.~~
- 9 (e) ~~Except as otherwise provided in this title, for purposes of determining~~
 10 ~~Maryland taxable income, the basis of property with respect to which the credit under~~
 11 ~~this section is allowed shall be its basis for federal income tax purposes.~~
- 12 (f) ~~The credit under this section may not be claimed for property placed in~~
 13 ~~service:~~
- 14 (1) ~~before July 1, 2000; or~~
- 15 (2) ~~after December 31, [2004] 2014.~~

16 Article - State Government

17 9-2006.

18 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 19 INDICATED.

20 (2) "PHOTOVOLTAIC PROPERTY" MEANS SOLAR ENERGY PROPERTY
 21 THAT USES A SOLAR PHOTOVOLTAIC PROCESS TO GENERATE ELECTRICITY AND
 22 THAT MEETS APPLICABLE PERFORMANCE AND QUALITY STANDARDS AND
 23 CERTIFICATION REQUIREMENTS IN EFFECT AT THE TIME OF ACQUISITION OF THE
 24 PROPERTY, AS SPECIFIED BY THE MARYLAND ENERGY ADMINISTRATION.

25 (3) "PROGRAM" MEANS THE SOLAR ENERGY GRANT PROGRAM.

26 (4) (I) "SOLAR ENERGY PROPERTY" MEANS EQUIPMENT THAT USES
 27 SOLAR ENERGY:

28 1. TO GENERATE ELECTRICITY;

29 2. TO HEAT OR COOL A STRUCTURE OR PROVIDE HOT WATER
 30 FOR USE IN A STRUCTURE; OR

31 3. TO PROVIDE SOLAR PROCESS HEAT.

32 (II) "SOLAR ENERGY PROPERTY" DOES NOT INCLUDE A SWIMMING
 33 POOL, HOT TUB, OR ANY OTHER ENERGY STORAGE MEDIUM THAT HAS A FUNCTION
 34 OTHER THAN STORAGE.

1 (5) "SOLAR WATER HEATING PROPERTY" MEANS SOLAR ENERGY
2 PROPERTY THAT:

3 (I) WHEN INSTALLED IN CONNECTION WITH A STRUCTURE, USES
4 SOLAR ENERGY FOR THE PURPOSE OF PROVIDING HOT WATER FOR USE WITHIN THE
5 STRUCTURE; AND

6 (II) MEETS APPLICABLE PERFORMANCE AND QUALITY STANDARDS
7 AND CERTIFICATION REQUIREMENTS IN EFFECT AT THE TIME OF ACQUISITION OF
8 THE PROPERTY, AS SPECIFIED BY THE MARYLAND ENERGY ADMINISTRATION.

9 (B) THERE IS A SOLAR ENERGY GRANT PROGRAM IN THE ADMINISTRATION.

10 (C) THE PURPOSE OF THE PROGRAM IS TO PROVIDE GRANTS TO INDIVIDUALS,
11 LOCAL GOVERNMENTS, AND BUSINESSES FOR A PORTION OF THE COSTS OF
12 ACQUIRING AND INSTALLING PHOTOVOLTAIC PROPERTY AND SOLAR WATER
13 HEATING PROPERTY.

14 (D) THE ADMINISTRATION SHALL:

15 (1) ADMINISTER THE PROGRAM;

16 (2) ESTABLISH APPLICATION PROCEDURES FOR THE PROGRAM; AND

17 (3) AWARD GRANTS FROM THE PROGRAM.

18 (E) A GRANT AWARDED UNDER THE PROGRAM MAY NOT EXCEED:

19 (1) FOR PHOTOVOLTAIC PROPERTY INSTALLED ON RESIDENTIAL
20 PROPERTY, THE LESSER OF \$3,000 OR 20% OF THE TOTAL INSTALLED COST OF THE
21 PHOTOVOLTAIC PROPERTY;

22 (2) FOR PHOTOVOLTAIC PROPERTY INSTALLED ON NONRESIDENTIAL
23 PROPERTY, THE LESSER OF \$5,000 OR 20% OF THE TOTAL INSTALLED COST OF THE
24 PHOTOVOLTAIC PROPERTY; AND

25 (3) FOR SOLAR WATER HEATING PROPERTY, THE LESSER OF \$2,000 OR
26 20% OF THE TOTAL INSTALLED COST OF THE SOLAR WATER HEATING PROPERTY.

27 SECTION 2. AND BE IT FURTHER ENACTED, That, for fiscal year 2005,
28 funding for the Solar Energy Grant Program shall be as provided in the State budget.
29 It is the intent of the General Assembly that beginning in fiscal year 2006, at least
30 \$500,000 shall be included annually in the State budget for the Solar Energy Grant
31 Program.

32 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
33 effect ~~July 1, 2004~~ January 1, 2005.

