
By: **Delegates Montgomery, Bobo, Bronrott, Hubbard, and McMillan**
Introduced and read first time: February 6, 2004
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credits - Purchase of Maryland-Mined Coal - Repeal**

3 FOR the purpose of repealing certain tax credits given to certain public service
4 companies, electricity suppliers, and cogenerators for the purchase of
5 Maryland-mined coal; providing for the application of this Act; and generally
6 relating to the repeal of certain tax credits allowed for the purchase of
7 Maryland-mined coal.

8 BY repealing and reenacting, with amendments,
9 Article - Tax - General
10 Section 8-406
11 Annotated Code of Maryland
12 (1997 Replacement Volume and 2003 Supplement)

13 BY repealing
14 Article - Tax - General
15 Section 10-704.1
16 Annotated Code of Maryland
17 (1997 Replacement Volume and 2003 Supplement)

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

20 **Article - Tax - General**

21 8-406.

22 (a) A public service company may claim a credit against the public service
23 company franchise tax equal to the estimated tax paid under § 8-405(b) of this
24 subtitle.

25 [(b) A public service company, including any multijurisdictional public service
26 company, may claim a credit against the public service company franchise tax in the
27 amount of \$3 for each ton of Maryland-mined coal that the public service company
28 purchased in the calendar year.]

1 [(c)] (B) (1) To prevent actual multiple taxation of the sale of interstate long
2 distance telecommunications service, a long distance telecommunications company,
3 upon proof that it has paid a properly due excise, sales and use, or gross receipts tax
4 in another state on a sale the gross receipts from which are subject to taxation under
5 this subtitle, shall be allowed a credit against the public service company franchise
6 tax for the amount paid.

7 (2) The credit permitted under this subsection may not exceed the tax
8 imposed under this subtitle.

9 [10-704.1.

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

11 (2) "Cogenerator" means a qualifying cogenerator or qualifying small
12 power producer as determined by the Federal Energy Regulatory Commission under
13 the Public Utility Regulatory Policies Act of 1978.

14 (3) "Electricity supplier" has the meaning stated in § 1-101 of the Public
15 Utility Companies Article.

16 (b) This section does not apply to:

17 (1) a cogenerator or electricity supplier that is subject to the public
18 service company franchise tax; or

19 (2) an electricity supplier that, before July 1, 1999, was not an electric
20 company as defined in § 1-101 of the Public Utility Companies Article as in effect on
21 June 30, 1999, unless the electricity supplier is an affiliate of such an electric
22 company.

23 (c) A cogenerator or electricity supplier may claim a credit against the State
24 income tax in the amount of \$3 for each ton of Maryland-mined coal that the
25 cogenerator or electricity supplier purchased in the taxable year.

26 (d) (1) A cogenerator or electricity supplier may only apply the credit
27 against the State income tax for the taxable year in which the credit was earned.

28 (2) The amount of the credit may not exceed the State income tax for
29 that taxable year.]

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
31 effect July 1, 2004, and shall be applicable to all taxable years beginning after
32 December 31, 2003.