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By: **Delegates Walkup, Eckardt, Haddaway, Smigiel, and Sossi**  
Introduced and read first time: February 13, 2004  
Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit - Wind Energy, Photovoltaic, and Solar Water Heating**  
3 **Systems**

4 FOR the purpose of allowing an individual or corporation to claim a credit against the  
5 State income tax for the costs of certain wind energy systems placed in service  
6 during the taxable year; providing for certain limitations; repealing a certain  
7 termination provision relating to a credit against the State income tax for the  
8 costs of certain photovoltaic and solar water heating systems; providing for the  
9 application of this Act; and generally relating to a State income tax credit for the  
10 costs of certain wind energy, photovoltaic, and solar water heating systems.

11 BY repealing and reenacting, with amendments,  
12 Article - Tax - General  
13 Section 10-719 and 10-722(h)  
14 Annotated Code of Maryland  
15 (1997 Replacement Volume and 2003 Supplement)

16 BY repealing and reenacting, without amendments,  
17 Article - Tax - General  
18 Section 10-722(g)  
19 Annotated Code of Maryland  
20 (1997 Replacement Volume and 2003 Supplement)

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

23 **Article - Tax - General**

24 10-719.

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

26 (2) "Photovoltaic property" means solar energy property that uses a solar  
27 photovoltaic process to generate electricity and that meets applicable performance

1 and quality standards and certification requirements in effect at the time of  
2 acquisition of the property, as specified by the Maryland Energy Administration.

3 (3) (i) "Solar energy property" means equipment that uses solar  
4 energy:

- 5 1. to generate electricity;
- 6 2. to heat or cool a structure or provide hot water for use in a  
7 structure; or
- 8 3. to provide solar process heat.

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

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

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

14 (ii) meets applicable performance and quality standards and  
15 certification requirements in effect at the time of acquisition of the property, as  
16 specified by the Maryland Energy Administration.

17 (5) (I) "WIND ENERGY PROPERTY" MEANS EQUIPMENT THAT USES  
18 WIND ENERGY TO GENERATE MECHANICAL POWER OR ELECTRICITY.

19 (II) "WIND ENERGY PROPERTY" INCLUDES WIND TURBINES,  
20 TOWERS, WIRING, CONTROLLERS, INVERTERS, AND BATTERIES.

21 (b) An individual or a corporation may claim a credit against the State income  
22 tax for a taxable year as provided in this section for the costs of solar water heating  
23 property [or], photovoltaic [property] PROPERTY, OR WIND ENERGY PROPERTY  
24 placed in service during the taxable year.

25 (c) (1) Subject to the limitations under paragraph (2) of this subsection, the  
26 credit allowed under this section includes 15% of the total installed cost of WIND  
27 ENERGY PROPERTY, photovoltaic [property] PROPERTY, or solar water heating  
28 property.

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

30 (i) \$2,000 for each system for photovoltaic property; [and]

31 (ii) \$1,000 for each system for solar water heating property; AND

32 (III) \$2,000 FOR EACH SYSTEM FOR WIND ENERGY PROPERTY.

33 (d) (1) The total amount of the credit allowed under this section for any  
34 taxable year may not exceed the State income tax for that taxable year, calculated

1 before application of the credits under this section and §§ 10-701 and 10-701.1 of this  
2 subtitle, but after application of the other credits allowable under this subtitle.

3 (2) The unused amount of the credit for any taxable year may not be  
4 carried over to any other taxable year.

5 (e) Except as otherwise provided in this title, for purposes of determining  
6 Maryland taxable income, the basis of property with respect to which the credit under  
7 this section is allowed shall be its basis for federal income tax purposes.

8 [(f) The credit under this section may not be claimed for property placed in  
9 service:

10 (1) before July 1, 2000; or

11 (2) after December 31, 2004.]

12 10-722.

13 (g) (1) For the taxable year that is the credit allowance year, an owner or  
14 tenant may claim a credit in the amount determined under this subsection for the  
15 installation of photovoltaic modules that constitute a qualifying alternate energy  
16 source and are installed to serve a green whole building, green base building, or green  
17 tenant space.

18 (2) The amount of the credit allowed under this subsection is:

19 (i) 20% of the incremental cost paid or incurred by an owner or  
20 tenant for building-integrated photovoltaic modules; and

21 (ii) 25% of the cost of nonbuilding-integrated photovoltaic modules,  
22 including the cost of the foundation or platform and the labor costs associated with  
23 installation.

24 (3) The costs used to determine the credit amount allowed under this  
25 subsection for installation of photovoltaic modules:

26 (i) may not exceed the product obtained by multiplying \$3 times  
27 the number of watts included in the DC rated capacity of the photovoltaic modules;  
28 and

29 (ii) shall be reduced by the amount of any federal, State, or local  
30 grant:

31 1. received by the taxpayer and used for the purchase or  
32 installation of the photovoltaic equipment; and

33 2. not included in the federal gross income of the taxpayer.

1           (4)     A credit may not be claimed under this subsection for the installation  
2 of photovoltaic modules if the credit under § 10-719 of this subtitle is claimed with  
3 respect to the photovoltaic modules.

4     (h)     (1)     For the taxable year that is the credit allowance year, an owner or  
5 tenant may claim a credit in the amount determined under paragraph (2) of this  
6 subsection for the installation of a wind turbine that is a qualifying alternate energy  
7 source and is installed to serve a green whole building, green base building, or green  
8 tenant space.

9           (2)     The amount of the credit allowed under this subsection is 25% of the  
10 sum of the capitalized costs paid or incurred by an owner or tenant with respect to  
11 each wind turbine installed, including the cost of the foundation or platform and the  
12 labor costs associated with installation.

13           (3)     A CREDIT MAY NOT BE CLAIMED UNDER THIS SUBSECTION FOR THE  
14 INSTALLATION OF WIND TURBINES IF THE CREDIT UNDER § 10-719 OF THIS  
15 SUBTITLE IS CLAIMED WITH RESPECT TO THE WIND TURBINES.

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