
By: **The Speaker (By Request - Administration) and Delegates Aumann, Bartlett, Bates, Boschert, Boteler, Cardin, Cluster, Cryor, Donoghue, Dwyer, Eckardt, Edwards, Elliott, Elmore, Frank, Gaines, Gilleland, Glassman, Haddaway, Haynes, Hogan, Kach, Kelly, Kirk, Kohl, Krebs, Kullen, Leopold, Mayer, McComas, McConkey, McDonough, McKee, McMillan, Miller, Morhaim, Myers, Niemann, O'Donnell, Parrott, Petzold, Pugh, Ross, Shank, Shewell, Smigiel, Sossi, Stocksdale, Stull, Weir, Weldon, and Zirkin**

Introduced and read first time: January 25, 2006
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax General - Income Tax Credit - Energy Efficient Residential Heating**
3 **Systems**

4 FOR the purpose of providing for certain credits against the State income tax on
5 individuals for certain costs for the purchase and installation of certain energy
6 efficient home heating systems for a certain period of time; specifying certain
7 standards for certain systems to qualify for the credit; limiting the total credits
8 that may be allowed for any taxable year; authorizing the Maryland Energy
9 Administration to adopt certain regulations to establish and implement the
10 program; providing for the application of this Act; and generally relating to
11 creation and administration of a tax credit for the purchase and installation of
12 energy efficient residential heating systems.

13 BY adding to
14 Article - Tax - General
15 Section 10-726
16 Annotated Code of Maryland
17 (2004 Replacement Volume and 2005 Supplement)

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

1 **Article - Tax - General**

2 10-726.

3 (A) IN THIS SECTION, "ENERGY EFFICIENT HEATING SYSTEM" MEANS AN AIR
4 SOURCE HEAT PUMP, A GEOTHERMAL HEAT PUMP, OR A GAS, OIL, OR PROPANE
5 HEATING SYSTEM THAT:

6 (1) MEETS THE ENERGY EFFICIENCY STANDARDS OF TITLE XIII OF THE
7 ENERGY POLICY ACT OF 2005; OR

8 (2) MEETS ENERGY STAR STANDARDS DESCRIBED IN SUBSECTION (E) OF
9 THIS SECTION.

10 (B) IN ADDITION TO ANY APPLICABLE FEDERAL TAX CREDIT, THERE IS A
11 RESIDENTIAL ENERGY EFFICIENCY TAX CREDIT PROGRAM IN MARYLAND.

12 (C) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2005, BUT
13 BEFORE JANUARY 1, 2012, AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE
14 INCOME TAX AS PROVIDED IN THIS SECTION FOR THE COST OF THE EQUIPMENT AND
15 INSTALLATION OF AN ENERGY EFFICIENT HEATING SYSTEM FOR THE TAX YEAR
16 DURING WHICH THE SYSTEM WAS PLACED IN OPERATION IF:

17 (1) THE SYSTEM IS INSTALLED IN THE INDIVIDUAL'S PRINCIPAL PLACE
18 OF RESIDENCE;

19 (2) THE RESIDENCE IS LOCATED IN MARYLAND;

20 (3) THE SYSTEM MEETS OR EXCEEDS THE ENERGY EFFICIENCY
21 STANDARDS SET FORTH IN SUBSECTION (E) OF THIS SECTION; AND

22 (4) THE SYSTEM IS IN OPERATION BY DECEMBER 31 OF THE YEAR FOR
23 WHICH THE CREDIT IS CLAIMED.

24 (D) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED \$500 PER
25 HOUSEHOLD.

26 (E) THE FOLLOWING ENERGY EFFICIENT HEATING SYSTEMS ARE ELIGIBLE
27 FOR THIS CREDIT:

28 (1) AN AIR SOURCE HEAT PUMP THAT MEETS OR EXCEEDS A HEATING
29 SEASONAL PERFORMANCE FACTOR OF AT LEAST 8.2, AN ENERGY EFFICIENCY RATIO
30 OF AT LEAST 14, AND A SEASONAL ENERGY EFFICIENCY RATIO OF AT LEAST 14;

31 (2) A CLOSED LOOP GEOTHERMAL HEAT PUMP THAT MEETS OR
32 EXCEEDS AN ENERGY EFFICIENCY RATIO OF AT LEAST 14.1 AND A HEATING
33 COEFFICIENT OF PERFORMANCE OF 3.3;

34 (3) AN OPEN LOOP GEOTHERMAL HEAT PUMP WITH AN ENERGY
35 EFFICIENCY RATIO OF AT LEAST 16.2 AND A HEATING COEFFICIENT OF
36 PERFORMANCE OF AT LEAST 3.6;

1 (4) A DIRECT EXPANSION GEOTHERMAL HEAT PUMP WITH AN ENERGY
2 EFFICIENCY RATIO OF AT LEAST 15 AND A HEATING COEFFICIENT OF PERFORMANCE
3 OF AT LEAST 3.5; OR

4 (5) A GAS, OIL, OR PROPANE FURNACE OR HOT WATER BOILER UNIT
5 THAT HAS AN ANNUAL FUEL UTILIZATION EFFICIENCY RATING OF 90.

6 (F) (1) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED MORE
7 THAN ONE TIME PER HOUSEHOLD.

8 (2) IF MORE THAN ONE INDIVIDUAL OWNS A RESIDENCE IN MARYLAND
9 ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE CREDIT MAY BE PRORATED
10 BETWEEN THEM BUT MAY NOT EXCEED THE MAXIMUM OF \$500 PER HOUSEHOLD.

11 (G) (1) THE TOTAL AMOUNT OF CREDITS ALLOWED UNDER THIS SECTION
12 MAY NOT EXCEED \$5,000,000 IN ANY ONE TAXABLE YEAR.

13 (2) IN CONSULTATION WITH THE COMPTROLLER, THE MARYLAND
14 ENERGY ADMINISTRATION SHALL ADOPT REGULATIONS TO IMPLEMENT A PROGRAM
15 THAT:

16 (I) AWARDS THE CREDITS ON A FIRST-COME, FIRST-SERVED
17 BASIS; AND

18 (II) LIMITS THE NUMBER OF ELIGIBLE RECIPIENTS SO AS NOT TO
19 EXCEED THE CAP ON THE CREDIT PROGRAM.

20 (H) AS PROVIDED FOR IN ITS BUDGET, THE MARYLAND ENERGY
21 ADMINISTRATION SHALL DEVELOP A CONSUMER AWARENESS PROGRAM TO
22 PROMOTE THE AVAILABILITY OF THIS TAX CREDIT PROGRAM.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 2006, and shall apply to all taxable years beginning after December 31, 2005.