By: Delegates Cardin, Aumann, Bronrott, V. Clagett, Cryor, C. Davis, Franchot, Frush, Gilleland, Glassman, Healey, Heller, Holmes, Hubbard, Kaiser, King, Lawton, Lee, Morhaim, Pendergrass, Ramirez, Rosenberg, Shewell, and Zirkin Introduced and read first time: February 8, 2006

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2

Solar Energy Tax Credit

3 FOR the purpose of establishing a 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, to heat or cool a structure, or to provide hot water for use in

6 a structure; providing for the amount of the credit; prohibiting the use of the

7 credit under certain circumstances; and generally relating to a State income tax

8 credit for certain equipment using solar energy.

9 BY repealing and reenacting, with amendments,

10 Article - Tax - General

11 Section 10-719

12 Annotated Code of Maryland

13 (2004 Replacement Volume and 2005 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

15 MARYLAND, That the Laws of Maryland read as follows:

16

Article - Tax - General

17 10-719.

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

19 (2) "Photovoltaic property" means solar energy property that uses a solar

20 photovoltaic process to generate electricity and that meets applicable performance

21 and quality standards and certification requirements in effect at the time of

22 acquisition of the property, as specified by the Maryland Energy Administration.

23 (3) (i) "Solar energy property" means equipment that uses solar24 energy:

25 1. to generate electricity;

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1 2 structu	re; or		2.	to heat or cool a structure or provide hot water for use in a	
3			3.	to provide solar process heat.	
4 5 tub, or	any other ener	(ii) rgy storag		energy property" does not include a swimming pool, hot m that has a function other than storage.	
6	(4)	"Solar v	water hea	ting property" means solar energy property that:	
7 8 for the	purpose of pre-	(i) oviding h		nstalled in connection with a structure, uses solar energy for use within the structure; and	
9 (ii) meets applicable performance and quality standards and 10 certification requirements in effect at the time of acquisition of the property, as 11 specified by the Maryland Energy Administration.					
12 (b) An individual or a corporation may claim a credit against the State income 13 tax for a taxable year as provided in this section for the costs of solar water heating 14 property or photovoltaic property placed in service during the taxable year.					
 15 (c) (1) Subject to the limitations under paragraph (2) of this subsection, the 16 credit allowed under this section includes [15%] 20% of the total installed cost of 17 photovoltaic property or solar water heating property. 					
18	(2)	The cre	dit allow	ed under this subsection may not exceed:	
19		(i)	[\$2,000] \$3,000 for each system for photovoltaic property; and	
20 21 prope	rty.	(ii)	[\$1,000)] \$2,000 for each system for solar water heating	
 (d) (1) The total amount of the credit allowed under this section for any taxable year may not exceed the State income tax for that taxable year, calculated before application of the credits under this section and §§ 10-701 and 10-701.1 of this subtitle, but after application of the other credits allowable under this subtitle. 					
26 (2) The unused amount of the credit for any taxable year may not be 27 carried over to any other taxable year.					
 (e) Except as otherwise provided in this title, for purposes of determining Maryland taxable income, the basis of property with respect to which the credit under this section is allowed shall be its basis for federal income tax purposes. 					
31 (f	The cre	The credit under this section may not be claimed:			
32	(1)	(1) for property placed in service:			
33	[(1)]	(I)	before	July 1, [2000] 2006; or	
34	[(2)]	(II)	after D	ecember 31, [2004] 2010; OR	

2

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1(2)IF AN INDIVIDUAL OR CORPORATION RECEIVES A GRANT TO2ACQUIRE AND INSTALL THE SAME PROPERTY UNDER THE SOLAR ENERGY GRANT3PROGRAM ESTABLISHED UNDER § 9-2006 OF THE STATE GOVERNMENT ARTICLE.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 5 July 1, 2006.