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By: **Senators Garagiola, Brochin, Colburn, Dyson, Forehand, Giannetti,  
Green, Grosfeld, Haines, Harris, Hogan, Hollinger, Hughes, Kelley,  
Klausmeier, Lawlah, McFadden, Mooney, Ruben, Stone, and Teitelbaum**

Introduced and read first time: January 25, 2006

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2                                   **Sales and Use Tax - Tax-Free Periods for the Purchase of Energy Efficient**  
3                                   **Products**

4 FOR the purpose of providing an exemption from the sales and use tax during certain  
5 periods for the sale of certain appliances and products that meet or exceed  
6 certain applicable energy efficiency guidelines and certain solar water heaters;  
7 repealing certain obsolete provisions; and generally relating to an exemption  
8 from the sales and use tax for certain periods for the sale of certain appliances  
9 and products that meet or exceed certain applicable energy efficiency guidelines  
10 and certain solar water heaters.

11 BY repealing and reenacting, with amendments,  
12 Article - Tax - General  
13 Section 11-226  
14 Annotated Code of Maryland  
15 (2004 Replacement Volume and 2005 Supplement)

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

18                                   **Article - Tax - General**

19 11-226.

20 [(a) The sales and use tax does not apply to the sale of the following electric  
21 appliances that meet or exceed the applicable Energy Star efficiency requirements  
22 developed by the United States Environmental Protection Agency and the United  
23 States Department of Energy:

24 (1) a clothes washer purchased on or after July 1, 2000, but before July  
25 1, 2003;

1 (2) a room air conditioner purchased on or after January 1, 2001, but  
2 before July 1, 2004; or

3 (3) a standard size refrigerator purchased on or after July 1, 2001, but  
4 before July 1, 2004.

5 (b) The sales and use tax does not apply to the sale, on or before July 1, 2004,  
6 of:

7 (1) a fuel cell that:

8 (i) generates electricity and heat using an electrochemical process;

9 (ii) has an electricity-only generation efficiency greater than 35%;  
10 and

11 (iii) has a generating capacity of at least 2 kilowatts;

12 (2) a natural gas heat pump that has a coefficient of performance of at  
13 least 1.25 for heating and at least 0.70 for cooling;

14 (3) an electric heat pump hot water heater that yields an energy factor of  
15 at least 1.7;

16 (4) an electric heat pump that has a heating system performance factor  
17 of at least 7.5 and a cooling seasonal energy efficiency ratio of at least 13.5;

18 (5) a central air conditioner that has a cooling seasonal energy efficiency  
19 ratio of at least 13.5; or

20 (6) an advanced natural gas water heater that has an energy factor of at  
21 least 0.65.]

22 (A) (1) IN THIS SUBSECTION, "ENERGY STAR PRODUCT" MEANS AN AIR  
23 CONDITIONER, CLOTHES WASHER, FURNACE, HEAT PUMP, OR STANDARD SIZE  
24 REFRIGERATOR THAT HAS BEEN DESIGNATED AS MEETING OR EXCEEDING THE  
25 APPLICABLE ENERGY STAR EFFICIENCY REQUIREMENTS DEVELOPED BY THE  
26 UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND THE UNITED STATES  
27 DEPARTMENT OF ENERGY.

28 (2) THE PERIODS FROM OCTOBER 1, 2006 THROUGH OCTOBER 31, 2006,  
29 AND APRIL 1, 2007 THROUGH APRIL 30, 2007, SHALL BE TAX-FREE PERIODS DURING  
30 WHICH THE EXEMPTION UNDER PARAGRAPH (3) OF THIS SUBSECTION SHALL APPLY.

31 (3) DURING THE TAX-FREE PERIODS ESTABLISHED UNDER PARAGRAPH  
32 (2) OF THIS SUBSECTION, THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF  
33 ANY:

34 (I) ENERGY STAR PRODUCT; OR

35 (II) SOLAR WATER HEATER.

1        [(c)]     (B)        The sales and use tax does not apply to the sale of a multifuel pellet  
2 stove designed to burn agricultural field corn.

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