
By: **Senators Garagiola, Brochin, Forehand, Giannetti, Green, Grosfeld,
Hollinger, Hughes, Kelley, Klausmeier, Lawlah, McFadden, Ruben, and
Teitelbaum**

Introduced and read first time: January 25, 2006

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Clean Power Grant Fund - Maryland-Mined Coal Tax Credit**

3 FOR the purpose of establishing the Clean Power Grant Fund; establishing that the
4 purpose of the Fund is to provide certain grants to certain electric generating
5 facilities for a certain portion of the costs of acquiring and installing certain
6 emission controls; requiring the Secretary of the Environment to administer the
7 Fund; establishing the composition of the Fund; limiting the uses of the Fund;
8 authorizing the Secretary to make grants to certain electric generating facilities
9 for a certain portion of the costs of acquiring and installing certain emission
10 controls; requiring the Department to adopt certain regulations for
11 administering the Fund; requiring the Governor to include a certain annual
12 appropriation to the Fund; providing for certain incremental reductions leading
13 to the eventual elimination of the Maryland-mined coal tax credit; defining
14 certain terms; and generally relating to the Clean Power Grant Fund and the
15 Maryland-mined coal tax credit.

16 BY adding to
17 Article - Environment
18 Section 2-1001 through 2-1004, inclusive, to be under the new subtitle "Subtitle
19 10. Clean Power Grant Fund"
20 Annotated Code of Maryland
21 (1996 Replacement Volume and 2005 Supplement)

22 BY repealing and reenacting, with amendments,
23 Article - Tax - General
24 Section 8-406 and 10-704.1
25 Annotated Code of Maryland
26 (2004 Replacement Volume and 2005 Supplement)

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

1 **Article - Environment**2 **SUBTITLE 10. CLEAN POWER GRANT FUND.**

3 2-1001.

4 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
5 INDICATED.

6 (B) "ELIGIBLE FACILITY" INCLUDES:

- 7 (1) BRANDON SHORES;
- 8 (2) CHALK POINT GENERATING STATION;
- 9 (3) C.P. CRANE;
- 10 (4) DICKERSON;
- 11 (5) MORGANTOWN GENERATING STATION;
- 12 (6) R.P. SMITH; AND
- 13 (7) H.A. WAGNER.

14 (C) (1) "EMISSION CONTROLS" MEANS ANY COMBUSTION OR
15 POSTCOMBUSTION TECHNOLOGY THAT RESULTS IN A DECREASE OF EMISSIONS AS
16 MEASURED IN POUNDS PER GIGAWATT-HOUR OF SULFUR DIOXIDE, NITROGEN
17 OXIDE, OR MERCURY FROM A QUALIFIED UNIT.

18 (2) "EMISSION CONTROLS" MAY INCLUDE:

- 19 (I) ACTIVATED CARBON INJECTION;
- 20 (II) FLUE GAS DESULFURIZATION;
- 21 (III) LOW-NITROGEN OXIDE BURNERS;
- 22 (IV) OVERFIRE AIR;
- 23 (V) SELECTIVE CATALYTIC REDUCTION; AND
- 24 (VI) SELECTIVE NONCATALYTIC REDUCTION.

25 (D) "FUND" MEANS THE CLEAN POWER GRANT FUND.

26 (E) "QUALIFIED UNIT" MEANS ANY STATIONARY SOURCE WITHIN AN
27 ELIGIBLE FACILITY THAT USES AN ENCLOSED COAL-FIRED COMBUSTION
28 INSTALLATION TO GENERATE ELECTRICITY FOR SALE OR USE.

1 2-1002.

2 (A) THERE IS A CLEAN POWER GRANT FUND.

3 (B) THE PURPOSE OF THE FUND IS TO PROVIDE GRANTS TO ELIGIBLE
4 FACILITIES FOR A PORTION OF THE COST OF ACQUIRING AND INSTALLING EMISSION
5 CONTROLS FOR A QUALIFIED UNIT.

6 (C) THE SECRETARY SHALL ADMINISTER THE FUND.

7 (D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT
8 TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

9 (2) THE TREASURER SHALL HOLD THE FUND SEPARATELY AND THE
10 COMPTROLLER SHALL ACCOUNT FOR THE FUND.

11 (E) THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN
12 ALLOWANCE TO THE FUND AS FOLLOWS:

13 (1) FOR FISCAL YEAR 2008 - \$5,500,000;

14 (2) FOR FISCAL YEAR 2009 - \$10,000,000; AND

15 (3) FOR FISCAL YEAR 2010 AND EACH SUBSEQUENT FISCAL YEAR - AT
16 LEAST \$15,000,000.

17 (F) THE FUND CONSISTS OF:

18 (1) MONEY DISTRIBUTED TO THE FUND UNDER SUBSECTION (E) OF THIS
19 SECTION;

20 (2) ANY INVESTMENT EARNINGS OF THE FUND; AND

21 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE
22 BENEFIT OF THE FUND.

23 (G) THE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME
24 MANNER AS OTHER STATE MONEY MAY BE INVESTED.

25 2-1003.

26 (A) (1) THE SECRETARY SHALL MAKE GRANTS FROM THE FUND TO
27 ELIGIBLE FACILITIES FOR A PORTION OF THE COST OF ACQUIRING AND INSTALLING
28 EMISSION CONTROLS FOR A QUALIFIED UNIT.

29 (2) NOTWITHSTANDING § 2-1002(B) OF THIS SUBTITLE AND PARAGRAPH
30 (1) OF THIS SUBSECTION, THE SECRETARY MAY PROVIDE GRANTS TO ANY ELECTRIC
31 GENERATING FACILITY IN THE STATE FOR A PORTION OF THE COST OF ACQUIRING
32 AND INSTALLING EMISSION CONTROLS IF, AFTER GRANT AWARDS HAVE BEEN
33 DISBURSED TO ALL ELIGIBLE FACILITIES THAT APPLIED DURING A FISCAL YEAR,
34 THERE IS MONEY REMAINING IN THE FUND AT THE END OF THE SAME FISCAL YEAR.

1 (B) A GRANT AWARDED TO AN ELIGIBLE FACILITY MAY NOT EXCEED 40% OF
2 THE TOTAL COST OF ACQUIRING AND INSTALLING EMISSION CONTROLS.

3 2-1004.

4 THE DEPARTMENT SHALL ADOPT REGULATIONS GOVERNING THE
5 ADMINISTRATION OF THE FUND UNDER THIS SUBTITLE, INCLUDING THE
6 ALLOCATION OF GRANT AWARDS AMONG ELIGIBLE FACILITIES.

7 **Article - Tax - General**

8 8-406.

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

12 (b) [A] FOR A TAXABLE YEAR BEGINNING BEFORE JANUARY 1, 2010, A public
13 service company, including any multijurisdictional public service company, may claim
14 a credit against the public service company franchise tax [in the amount of \$3] for
15 each ton of Maryland-mined coal that the public service company purchased in the
16 calendar year IN THE FOLLOWING AMOUNTS:

17 (1) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2006, BUT
18 BEFORE JANUARY 1, 2008 - \$3 PER TON;

19 (2) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2007, BUT
20 BEFORE JANUARY 1, 2009 - \$2 PER TON; AND

21 (3) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2008, BUT
22 BEFORE JANUARY 1, 2010 - \$1 PER TON.

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

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

31 10-704.1.

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

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

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

3 (b) This section does not apply to:

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

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

10 (c) [A] FOR A TAXABLE YEAR BEGINNING BEFORE JANUARY 1, 2010, A
11 cogenerator or electricity supplier may claim a credit against the State income tax [in
12 the amount of \$3] for each ton of Maryland-mined coal that the cogenerator or
13 electricity supplier purchased in the taxable year IN THE FOLLOWING AMOUNTS:

14 (1) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2006, BUT
15 BEFORE JANUARY 1, 2008 - \$3 PER TON;

16 (2) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2007, BUT
17 BEFORE JANUARY 1, 2009 - \$2 PER TON; AND

18 (3) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2008, BUT
19 BEFORE JANUARY 1, 2010 - \$1 PER TON.

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

22 (2) The amount of the credit may not exceed the State income tax for
23 that taxable year.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2006.