

SENATE BILL 776

Q3

71r2602

By: **Senator Mooney**

Introduced and read first time: February 14, 2007

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Hybrid and Electric Vehicles**

3 FOR the purpose of providing for a credit against the State income tax for certain costs
4 of certain motor vehicles purchased by an individual or corporation; establishing
5 the basis of certain property for State income tax purposes; defining certain
6 terms; providing for the application of this Act; and generally relating to a credit
7 against the State income tax for certain costs of certain motor vehicles.

8 BY adding to

9 Article – Tax – General

10 Section 10–726

11 Annotated Code of Maryland

12 (2004 Replacement Volume and 2006 Supplement)

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

15 **Article – Tax – General**

16 **10–726.**

17 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
18 MEANINGS INDICATED.

19 (2) “QUALIFIED ELECTRIC VEHICLE” HAS THE MEANING STATED
20 IN § 30 OF THE INTERNAL REVENUE CODE.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(3) “QUALIFIED HYBRID VEHICLE” MEANS AN AUTOMOBILE**
2 **THAT:**

3 **(I) MEETS ALL APPLICABLE REGULATORY REQUIREMENTS;**

4 **(II) MEETS THE CURRENT VEHICLE EXHAUST STANDARD**
5 **SET UNDER THE FEDERAL TIER 2 PROGRAM FOR GASOLINE-POWERED**
6 **PASSENGER CARS UNDER 40 C.F.R. PART 80; AND**

7 **(III) CAN DRAW PROPULSION ENERGY FROM BOTH OF THE**
8 **FOLLOWING ONBOARD SOURCES OF STORED ENERGY:**

9 **1. GASOLINE OR DIESEL FUEL; AND**

10 **2. A RECHARGEABLE ENERGY STORAGE SYSTEM.**

11 **(B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN**
12 **INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE**
13 **INCOME TAX IN AN AMOUNT EQUAL TO 10% OF THE COST OF A QUALIFIED**
14 **HYBRID VEHICLE OR QUALIFIED ELECTRIC VEHICLE THAT IS PLACED IN**
15 **SERVICE BY THE INDIVIDUAL OR CORPORATION DURING THE TAXABLE YEAR.**

16 **(2) THE AMOUNT OF CREDIT ALLOWED UNDER THIS SECTION FOR**
17 **EACH QUALIFIED HYBRID VEHICLE OR QUALIFIED ELECTRIC VEHICLE MAY NOT**
18 **EXCEED \$4,000.**

19 **(C) (1) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS**
20 **SECTION MAY NOT EXCEED THE STATE INCOME TAX FOR THAT TAXABLE YEAR.**

21 **(2) THE UNUSED AMOUNT OF THE CREDIT MAY NOT BE CARRIED**
22 **OVER TO ANY OTHER TAXABLE YEAR.**

23 **(3) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, FOR**
24 **PURPOSES OF DETERMINING MARYLAND TAXABLE INCOME, THE BASIS OF**
25 **PROPERTY WITH RESPECT TO WHICH THE CREDITS UNDER THIS SECTION ARE**
26 **ALLOWED SHALL BE ITS BASIS FOR FEDERAL INCOME TAX PURPOSES.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2007, and shall be applicable to all taxable years beginning after December 31,
3 2006.