

HOUSE BILL 338

M3, Q4, Q5

8lr1086

By: **Delegates Cardin, Hixson, Morhaim, Rice, and Stein**

Introduced and read first time: January 25, 2008

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Energy Efficiency Tax Credit and Surcharge Act**

3 FOR the purpose of requiring the Department of the Environment to establish a
4 program for energy-efficient replacement tires; requiring the Department to
5 develop certain procedures and a certain rating system and maintain a certain
6 database regarding energy-efficient replacement tires; requiring the
7 Department to adopt certain regulations; requiring that the energy efficiency
8 replacement tire program include certain voluntary energy standards and
9 consumer information; authorizing the Department to use certain testing by tire
10 manufacturers for the purpose of establishing certain voluntary energy
11 standards; requiring the Department to review and revise the program within a
12 certain time frame; prohibiting the Department from revising the program in a
13 way that reduces the average energy efficiency of replacement tires; allowing
14 certain credits against the sales and use tax imposed on the purchase of certain
15 energy-efficient products; imposing certain supplemental surcharges on the
16 sale of certain products that do not meet certain energy-efficiency standards;
17 allowing a credit against the motor vehicle excise tax for certain qualified
18 fuel-efficient vehicles for a certain period; imposing a certain fuel efficiency
19 surcharge on certain new motor vehicles under certain circumstances; requiring
20 the Motor Vehicle Administration to adopt certain regulations; repealing an
21 expired credit against the motor vehicle excise tax for certain qualified electric
22 vehicles and certain hybrid vehicles; repealing certain provisions of law
23 providing for and relating to a fuel efficiency surcharge or credit on certain new
24 or used motor vehicles under certain circumstances; clarifying a certain
25 definition; and generally relating to certain tax credits and surcharges for
26 certain energy-efficient products.

27 BY repealing

28 Article – Transportation

29 Section 13–815 and 13–818

30 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2006 Replacement Volume and 2007 Supplement)

2 BY adding to

3 Article – Environment

4 Section 2–1201 through 2–1203 to be under the new subtitle “Subtitle 12.
5 Energy–Efficient Replacement Tires”

6 Annotated Code of Maryland

7 (2007 Replacement Volume and 2007 Supplement)

8 BY repealing and reenacting, with amendments,

9 Article – Tax – General

10 Section 1–101(s)

11 Annotated Code of Maryland

12 (2004 Replacement Volume and 2007 Supplement)

13 BY adding to

14 Article – Tax – General

15 Section 11–109

16 Annotated Code of Maryland

17 (2004 Replacement Volume and 2007 Supplement)

18 BY adding to

19 Article – Transportation

20 Section 13–815

21 Annotated Code of Maryland

22 (2006 Replacement Volume and 2007 Supplement)

23 BY repealing and reenacting, with amendments,

24 Article – Transportation

25 Section 23–206.3

26 Annotated Code of Maryland

27 (2006 Replacement Volume and 2007 Supplement)

28 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
29 MARYLAND, That Section(s) 13–815 and 13–818 of Article – Transportation of the
30 Annotated Code of Maryland be repealed.

31 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
32 read as follows:

33 **Article – Environment**

34 **SUBTITLE 12. ENERGY–EFFICIENT REPLACEMENT TIRES.**

35 **2–1201.**

1 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
2 INDICATED.

3 (B) (1) "CONSUMER INFORMATION REQUIREMENT" MEANS
4 INFORMATION THAT IS REQUIRED AT THE POINT OF SALE.

5 (2) "CONSUMER INFORMATION REQUIREMENT" DOES NOT
6 INCLUDE MANDATORY LABELING, IMPRINTING, OR OTHER MARKING ON AN
7 INDIVIDUAL TIRE BY THE TIRE MANUFACTURER OR THE TIRE RETAILER.

8 (C) "COST EFFECTIVE" MEANS THE COST SAVINGS TO THE CONSUMER
9 THAT EQUAL OR EXCEED THE ADDITIONAL COST OF PURCHASING AN
10 ENERGY-EFFICIENT REPLACEMENT TIRE, TAKING INTO ACCOUNT THE
11 EXPECTED FUEL SAVINGS OVER THE EXPECTED LIFE OF THE REPLACEMENT
12 TIRE.

13 (D) (1) "REPLACEMENT TIRE" MEANS A TIRE SOLD IN THE STATE
14 THAT IS DESIGNED TO REPLACE A TIRE SOLD WITH A NEW PASSENGER CAR OR
15 LIGHT DUTY TRUCK.

16 (2) "REPLACEMENT TIRE" DOES NOT INCLUDE:

17 (I) A TIRE OR GROUP OF TIRES WITH THE SAME
18 STOCKKEEPING UNIT, PLANT, AND YEAR FOR WHICH THE VOLUME OF TIRES
19 PRODUCED OR IMPORTED IS LESS THAN 15,000 ANNUALLY;

20 (II) A DEEP TREAD SNOW TIRE;

21 (III) A SPACE-SAVER TIRE;

22 (IV) A TEMPORARY-USE SPARE TIRE;

23 (V) A TIRE WITH A NOMINAL RIM DIAMETER OF 12 INCHES
24 OR LESS;

25 (VI) A MOTORCYCLE TIRE; OR

26 (VII) A TIRE MANUFACTURED SPECIFICALLY FOR USE IN AN
27 OFF-ROAD RECREATIONAL VEHICLE.

28 **2-1202.**

29 (A) ON OR BEFORE JULY 1, 2010, THE DEPARTMENT SHALL DEVELOP:

1 (1) A PROCEDURE TO TEST THE ENERGY EFFICIENCY OF
2 REPLACEMENT TIRES;

3 (2) A DATABASE OF THE ENERGY EFFICIENCY OF A
4 REPRESENTATIVE SAMPLE OF REPLACEMENT TIRES SOLD IN THE STATE BASED
5 ON THE TEST DEVELOPED UNDER ITEM (1) OF THIS SUBSECTION; AND

6 (3) A RATING SYSTEM DESCRIBING THE ENERGY EFFICIENCY OF
7 REPLACEMENT TIRES THAT WILL PROVIDE CONSUMERS WITH A MEANS OF
8 MAKING INFORMED DECISIONS WHEN PURCHASING TIRES.

9 (B) THE DEPARTMENT SHALL ADOPT REGULATIONS REQUIRING A TIRE
10 MANUFACTURER THAT SELLS TIRES IN THE STATE TO REPORT ON THE NUMBER
11 OF ENERGY-EFFICIENT TIRES SOLD ANNUALLY BASED ON THE RATING SYSTEM
12 DEVELOPED UNDER SUBSECTION (A)(3) OF THIS SECTION.

13 **2-1203.**

14 (A) ON OR BEFORE JULY 1, 2011, THE DEPARTMENT SHALL ADOPT
15 REGULATIONS TO IMPLEMENT A PROGRAM FOR PROVIDING INFORMATION ON
16 ENERGY-EFFICIENT REPLACEMENT TIRES TO CONSUMERS.

17 (B) BEFORE ADOPTING REGULATIONS UNDER SUBSECTION (A) OF THIS
18 SECTION, THE DEPARTMENT SHALL CONDUCT A SERIES OF PUBLIC WORKSHOPS
19 TO PROVIDE AN OPPORTUNITY FOR PUBLIC COMMENT ON THE TIRE
20 REPLACEMENT INFORMATION PROGRAM.

21 (C) THE REGULATIONS FOR AN ENERGY-EFFICIENT REPLACEMENT
22 TIRE PROGRAM ADOPTED UNDER SUBSECTION (A) OF THIS SECTION SHALL:

23 (1) BE EFFECTIVE BEGINNING JANUARY 1, 2012; AND

24 (2) BE DESIGNED TO ENCOURAGE CONSUMERS TO BUY
25 REPLACEMENT TIRES IN THE STATE THAT ARE AT LEAST AS ENERGY EFFICIENT,
26 ON AVERAGE, AS THE ORIGINAL TIRES PROVIDED BY THE AUTOMOBILE
27 MANUFACTURER.

28 (D) THE ENERGY-EFFICIENT REPLACEMENT TIRE INFORMATION
29 PROGRAM DEVELOPED UNDER THIS SECTION SHALL INCLUDE:

30 (1) DEVELOPING VOLUNTARY MINIMUM ENERGY EFFICIENCY
31 STANDARDS FOR REPLACEMENT TIRES THAT:

32 (I) ARE TECHNICALLY FEASIBLE AND COST EFFECTIVE;

1 **(II) DO NOT ADVERSELY AFFECT TIRE SAFETY;**

2 **(III) DO NOT ADVERSELY AFFECT THE AVERAGE TIRE LIFE**
3 **OF REPLACEMENT TIRES; AND**

4 **(IV) DO NOT ADVERSELY AFFECT THE STATE'S EFFORTS TO**
5 **MANAGE SCRAP TIRES UNDER § 9-228 OF THIS ARTICLE; AND**

6 **(2) DEVELOPING CONSUMER INFORMATION REQUIREMENTS,**
7 **INCLUDING A REQUIREMENT FOR THE DISPLAY OF CONSPICUOUS SIGNS THAT**
8 **INFORM CONSUMERS OF THE ENERGY EFFICIENCY STANDARDS FOR**
9 **REPLACEMENT TIRES AND THE BENEFITS EXPECTED FROM THE**
10 **ENERGY-EFFICIENT TIRE REPLACEMENT PROGRAM.**

11 **(E) CONSUMER INFORMATION SHALL CLEARLY INDICATE WHICH**
12 **REPLACEMENT TIRES MEET OR EXCEED THE VOLUNTARY MINIMUM ENERGY**
13 **EFFICIENCY STANDARDS DEVELOPED UNDER SUBSECTION (D)(1) OF THIS**
14 **SECTION.**

15 **(F) (1) VOLUNTARY ENERGY EFFICIENCY STANDARDS FOR**
16 **REPLACEMENT TIRES DEVELOPED UNDER SUBSECTION (D) OF THIS SECTION**
17 **SHALL BE BASED ON RESULTS FROM LABORATORY TESTING.**

18 **(2) (I) THE DEPARTMENT MAY USE ON-ROAD FLEET TESTING**
19 **TO DEVELOP VOLUNTARY ENERGY EFFICIENCY STANDARDS.**

20 **(II) ON-ROAD FLEET TESTING UTILIZED UNDER**
21 **SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE CONDUCTED BY TIRE**
22 **MANUFACTURERS, AS DETERMINED NECESSARY BY THE DEPARTMENT.**

23 **(III) TESTING PERFORMED FOR THE PURPOSE OF**
24 **DEVELOPING ENERGY EFFICIENCY STANDARDS UNDER THIS SUBTITLE SHALL**
25 **BE COMPLETED BY OR BEFORE JANUARY 1, 2009.**

26 **(G) (1) THE DEPARTMENT SHALL REVIEW AND REVISE THE**
27 **ENERGY-EFFICIENT REPLACEMENT TIRE PROGRAM AS DETERMINED**
28 **NECESSARY BUT NOT LESS THAN EVERY 3 YEARS.**

29 **(2) THE DEPARTMENT MAY NOT REVISE THE PROGRAM OR**
30 **STANDARDS UNDER THIS SUBTITLE IN A WAY THAT REDUCES THE AVERAGE**
31 **ENERGY EFFICIENCY OF REPLACEMENT TIRES.**

Article – Tax – General

1
2 1–101.

3 (s) (1) “Sales and use tax” means the tax imposed under Title 11 of this
4 article.

5 (2) “Sales and use tax” includes:

6 (I) the tax imposed on the use of certain electricity under §
7 11–1A–01 of this article[.];

8 [(3)] (II) [“Sales and use tax” includes] the hotel surcharge imposed
9 under § 11–102(b) of this article; AND

10 (III) **THE SURCHARGES IMPOSED UNDER § 11–109 OF THIS**
11 **ARTICLE.**

12 **11–109.**

13 (A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
14 **MEANINGS INDICATED.**

15 (2) **“ENERGY–EFFICIENT RESIDENTIAL HEATING OR COOLING**
16 **SYSTEM” MEANS A CENTRAL AIR CONDITIONER, AN AIR SOURCE HEAT PUMP, A**
17 **GEOHERMAL HEAT PUMP, OR A GAS, OIL, OR PROPANE RESIDENTIAL FURNACE**
18 **OR BOILER THAT:**

19 (I) **MEETS U.S. ENVIRONMENTAL PROTECTION AGENCY**
20 **ENERGY STAR ELIGIBILITY CRITERIA IN EFFECT AT THE TIME OF EQUIPMENT**
21 **INSTALLATION; OR**

22 (II) **MEETS THE ENERGY EFFICIENCY STANDARDS OF TITLE**
23 **XIII OF THE FEDERAL ENERGY POLICY ACT OF 2005.**

24 (3) **“ENERGY–EFFICIENT TIRE” MEANS A TIRE THAT MEETS OR**
25 **EXCEEDS THE MINIMUM ENERGY EFFICIENCY STANDARDS DEVELOPED BY THE**
26 **DEPARTMENT OF THE ENVIRONMENT UNDER § 2–1203 OF THE ENVIRONMENT**
27 **ARTICLE.**

28 (4) (I) **“SOLAR ENERGY PROPERTY” MEANS EQUIPMENT THAT**
29 **USES SOLAR ENERGY:**

30 **1. TO GENERATE ELECTRICITY;**

1 **2. TO HEAT OR COOL A STRUCTURE OR PROVIDE HOT**
2 **WATER FOR USE IN A STRUCTURE; OR**

3 **3. TO PROVIDE SOLAR PROCESS HEAT.**

4 **(II) "SOLAR ENERGY PROPERTY" DOES NOT INCLUDE A**
5 **SWIMMING POOL, HOT TUB, OR ANY OTHER ENERGY STORAGE MEDIUM THAT**
6 **HAS A FUNCTION OTHER THAN STORAGE.**

7 **(B) (1) A CREDIT UP TO \$100 IS ALLOWED AGAINST THE SALES AND**
8 **USE TAX IMPOSED ON THE SALE OF AN ENERGY-EFFICIENT RESIDENTIAL**
9 **HEATING OR COOLING SYSTEM OR SOLAR ENERGY PROPERTY.**

10 **(2) IN ADDITION TO THE TAX IMPOSED UNDER § 11-102 OF THIS**
11 **SUBTITLE, A SURCHARGE OF \$100 IS IMPOSED ON THE SALE OF ANY**
12 **RESIDENTIAL HEATING OR COOLING SYSTEM OTHER THAN AN**
13 **ENERGY-EFFICIENT RESIDENTIAL HEATING OR COOLING SYSTEM OR SOLAR**
14 **ENERGY PROPERTY.**

15 **(C) (1) BEGINNING JANUARY 1, 2012, A CREDIT UP TO \$10 IS**
16 **ALLOWED AGAINST THE SALES AND USE TAX IMPOSED ON THE SALE OF AN**
17 **ENERGY-EFFICIENT TIRE.**

18 **(2) BEGINNING JANUARY 1, 2012, IN ADDITION TO THE TAX**
19 **IMPOSED UNDER § 11-102 OF THIS SUBTITLE, A SURCHARGE OF \$10 IS IMPOSED**
20 **ON THE SALE OF ANY TIRE OTHER THAN AN ENERGY-EFFICIENT TIRE.**

21 **Article - Transportation**

22 **13-815.**

23 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
24 **MEANINGS INDICATED.**

25 **(2) "AUTOMOBILE" MEANS A FOUR-WHEELED VEHICLE**
26 **PROPELLED BY FUEL THAT:**

27 **(I) IS MANUFACTURED PRIMARILY FOR USE ON PUBLIC**
28 **STREETS, ROADS, AND HIGHWAYS, OTHER THAN FOR USE EXCLUSIVELY ON A**
29 **RAIL OR RAILS; AND**

30 **(II) IS RATED AT NOT MORE THAN 8,500 POUNDS UNLOADED**
31 **GROSS VEHICLE WEIGHT.**

1 (3) **“EXCISE TAX” MEANS THE TAX IMPOSED UNDER § 13-809 OF**
2 **THIS SUBTITLE.**

3 (4) **“FUEL ECONOMY” HAS THE MEANING STATED IN § 4064 OF**
4 **THE INTERNAL REVENUE CODE AS DETERMINED BY THE U.S. ENVIRONMENTAL**
5 **PROTECTION AGENCY.**

6 (B) (1) **A CREDIT OF \$250 IS ALLOWED AGAINST THE EXCISE TAX FOR**
7 **EACH NEW AUTOMOBILE THAT HAS A FUEL ECONOMY RATING:**

8 (I) **OF GREATER THAN 45 MILES PER GALLON, FOR AN**
9 **AUTOMOBILE WITH A MANUFACTURER’S SHIPPING WEIGHT OF 3,700 POUNDS**
10 **OR LESS; AND**

11 (II) **OF GREATER THAN 30 MILES PER GALLON, FOR AN**
12 **AUTOMOBILE WITH A MANUFACTURER’S SHIPPING WEIGHT OF MORE THAN**
13 **3,700 POUNDS.**

14 (2) **THE CREDIT ALLOWED UNDER THIS SUBSECTION:**

15 (I) **DOES NOT APPLY TO AN AUTOMOBILE TITLED ON OR**
16 **AFTER JULY 1, 2012; AND**

17 (II) **MAY NOT BE CLAIMED FOR AN AUTOMOBILE UNLESS**
18 **THE AUTOMOBILE IS REGISTERED IN THE STATE.**

19 (C) **IN ADDITION TO THE EXCISE TAX, A FUEL EFFICIENCY SURCHARGE**
20 **OF \$250 IS IMPOSED ON EACH NEW AUTOMOBILE THAT IS SUBJECT TO THE**
21 **EXCISE TAX IF THE FUEL ECONOMY RATING OF THE AUTOMOBILE IS LESS THAN**
22 **OR EQUAL TO 15 MILES PER GALLON.**

23 (D) **THE ADMINISTRATION SHALL ADOPT REGULATIONS TO**
24 **ADMINISTER THE CREDIT AND SURCHARGE UNDER THIS SECTION.**

25 23-206.3.

26 (a) In this section, “qualified hybrid vehicle” [has the meaning stated in §
27 13-815(a)(6) of this article] **MEANS AN AUTOMOBILE THAT:**

28 (1) **MEETS ALL APPLICABLE REGULATORY REQUIREMENTS;**

29 (2) **MEETS THE CURRENT VEHICLE EXHAUST STANDARD SET**
30 **UNDER THE FEDERAL TIER 2 PROGRAM FOR GASOLINE-POWERED PASSENGER**
31 **CARS UNDER 40 C.F.R. PART 80 ET SEQ.; AND**

1 **(3) CAN DRAW PROPULSION ENERGY FROM BOTH OF THE**
2 **FOLLOWING ONBOARD SOURCES OF STORED ENERGY:**

3 **(I) GASOLINE OR DIESEL FUEL; AND**

4 **(II) A RECHARGEABLE ENERGY STORAGE SYSTEM.**

5 (b) A qualified hybrid vehicle is exempt from the mandatory tests and
6 inspections required by this subtitle if the vehicle obtains a rating from the U.S.
7 Environmental Protection Agency of at least 50 miles per gallon during city fuel
8 economy tests.

9 (c) The Administration shall adopt regulations necessary to implement the
10 provisions of this section.

11 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 July 1, 2008.