HOUSE BILL 377

Q7(8lr0238)

ENROLLED BILL

—Economic Matters and Ways and Means/Budget and Taxation and Finance—

Introduced by The Speaker (By Request - Administration) and Delegates Doory, Rudolph, Hixson, Barve, Hecht, Howard, Cardin, Ali, Aumann, Bartlett, Bobo, Bohanan, Bronrott, Carr, G. Clagett, Dumais, Eckardt, Elmore, Frick, George, Haddaway, Havnes, Hucker, Ivey, James, Jones, Love. Manno, Mathias, McHale, McKee, Krebs, Lee, Morhaim, Murphy, Pena-Melnyk, Montgomery, Ramirez, Rice, Rosenberg, Ross, Shewell, Sophocleus, Stein, Tarrant, and F. Turner

Read and Examined by Proofreaders: Proofreader. Proofreader. Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at ____ o'clock, ____M. Speaker. CHAPTER AN ACT concerning

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Solar and Geothermal Tax Incentive and Grant Program

FOR the purpose of altering the grant amounts awarded under the Solar Energy Grant Program and the Geothermal Heat Pump Grant Program in the Maryland Energy Administration; authorizing the Administration to adjust the grant amounts under the programs under certain circumstances; exempting from the sales and use tax a sale of certain geothermal equipment and solar energy equipment; exempting from the State and local property tax certain geothermal property and solar energy property; requiring that certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



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$\begin{matrix} 1 \\ 2 \\ 3 \\ 4 \end{matrix}$	geothermal property be assessed at no more than a certain value; defining certain terms; repealing a certain State property tax exemption; providing for the application of certain provisions of this Act; and generally relating to State and local solar and geothermal energy incentives.		
5 6 7 8	BY repealing and reenacting, with amendments, Article – State Government Section 9–2007 and 9–2008 Annotated Code of Maryland		
9	(2004 Replacement Volume and 2007 Supplement)		
10 11 12 13 14	BY adding to Article – Tax – General Section 11–230 Annotated Code of Maryland (2004 Replacement Volume and 2007 Supplement)		
15 16 17 18 19	BY adding to Article – Tax – Property Section 7–242 Annotated Code of Maryland (2007 Replacement Volume)		
20 21 22 23 24	BY repealing Article – Tax – Property Section 7–308 Annotated Code of Maryland (2007 Replacement Volume)		
25 26 27 28 29	BY repealing and reenacting, with amendments, Article – Tax – Property Section 8–240 Annotated Code of Maryland (2007 Replacement Volume)		
30 31	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:		
32	Article - State Government		
33	9–2007.		
34	(a) (1) In this section the following words have the meanings indicated.		
35 36	(2) "Installed electricity generation capacity" means the maximum direct current power output in watts of the array of		

PHOTOVOLTAIC MODULES RATED UNDER STANDARD TEST CONDITION.

$1 \\ 2$	[(2)] (3) AN INSTALLED ELECT	"Photovoltaic property" means solar energy property WITH RICITY GENERATION CAPACITY OF 20 KILOWATTS OR LESS
3 4 5	performance and qualit	voltaic process to generate electricity and that meets applicable y standards and certification requirements in effect at the time perty, as specified by the Maryland Energy Administration.
6	[(3)] (4)	"Program" means the Solar Energy Grant Program.
7 8	[(4)] (5) solar energy:	(i) "Solar energy property" means equipment that uses
9		1. to generate electricity;
10 11	in a structure; or	2. to heat or cool a structure or provide hot water for use
12		3. to provide solar process heat.
13 14	(ii) hot tub, or any other en	"Solar energy property" does not include a swimming pool, ergy storage medium that has a function other than storage.
15 16	[(5)] (6) that:	"Solar water heating property" means solar energy property
17 18	(i) energy for the purpose of	when installed in connection with a structure, uses solar of providing hot water for use within the structure; and
19 20 21	_	meets applicable performance and quality standards and nts in effect at the time of acquisition of the property, as nd Energy Administration.
22	(b) There is a	Solar Energy Grant Program in the Administration.
23 24 25	governments, and busi	se of the Program is to provide grants to individuals, local nesses for a portion of the costs of acquiring and installing nd solar water heating property.
26	(d) The Admir	nistration shall:
27	(1) adm	inister the Program;
28	(2) esta	blish application procedures for the Program; and
29	(3) awa	rd grants from the Program.

1	(e) A grant awarded under the Program may not exceed:
2 3 4 5	(1) for photovoltaic property installed on residential property, the lesser of [\$3,000 or 20% of the total installed cost of the photovoltaic property] \$2,500 PER KILOWATT OF INSTALLED ELECTRICITY GENERATION CAPACITY OF \$10,000; AND
6 7	(2) for photovoltaic property installed on nonresidential property, the lesser of \$5,000 or 20% of the total installed cost of the photovoltaic property; and
8 9	(3) for solar water heating property, the lesser of [\$2,000 or 20%] \$3,000 OR 30 % of the total installed cost of the solar water heating property.
10 11 12 13	(F) SUBJECT TO THE LIMITATIONS IN SUBSECTION (E) OF THIS SECTION, THE ADMINISTRATION MAY ADJUST THE GRANT AMOUNTS UNDER THE PROGRAM TO REFLECT MARKET CONDITIONS AND THE PREVAILING PRICES OF PHOTOVOLTAIC PROPERTY AND SOLAR WATER HEATING PROPERTY.
14	9–2008.
15	(a) (1) In this section the following words have the meanings indicated.
16 17	(2) "Geothermal heat pump" means a heating and cooling device that is installed using ground loop technology.
18	(3) "Program" means the Geothermal Heat Pump Grant Program.
19 20	(4) "TON" MEANS 1 STANDARD TON OF REFRIGERATION EQUAL TO 12,000 BRITISH THERMAL UNITS OF HEAT REMOVAL PER HOUR.
21	(b) There is a Geothermal Heat Pump Grant Program in the Administration.
22 23	(c) The purpose of the Program is to provide grants to individuals for a portion of the cost of acquiring and installing a geothermal heat pump.
24	(d) The Administration shall:
25	(1) administer the Program;
26	(2) establish application procedures for the Program; and
27	(3) award grants from the Program.
28 29	(e) A grant awarded under the Program may not exceed [\$1,000] THE LESSER OF:

1	(1) \$1,000 PER TON OR \$3,000 FOR A RESIDENTIAL SYSTEM; AND
2	(2) $$1,000 \text{ per ton or } $10,000 \text{ for a nonresidential system}.$
3 4 5 6	(F) SUBJECT TO THE LIMITATIONS IN SUBSECTION(E) OF THIS SECTION, THE ADMINISTRATION MAY ADJUST THE GRANT AMOUNTS UNDER THE PROGRAM TO REFLECT MARKET CONDITIONS AND THE PREVAILING PRICES OF GEOTHERMAL HEAT PUMP SYSTEMS.
7	Article - Tax - General
8	11–230.
9 10	(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.
11 12	(2) "GEOTHERMAL EQUIPMENT" MEANS EQUIPMENT THAT USES GROUND LOOP TECHNOLOGY TO HEAT AND COOL A STRUCTURE.
13 14 15 16	(3) (I) "SOLAR ENERGY EQUIPMENT" MEANS EQUIPMENT THAT USES SOLAR ENERGY TO HEAT OR COOL A STRUCTURE, GENERATE ELECTRICITY TO BE USED IN A STRUCTURE, OR PROVIDE HOT WATER FOR USE IN A STRUCTURE.
17 18 19	(II) "SOLAR ENERGY EQUIPMENT" DOES NOT INCLUDE EQUIPMENT THAT IS PART OF A NONSOLAR ENERGY SYSTEM OR THAT USES ANY TYPE OF RECREATIONAL FACILITY OR EQUIPMENT AS A STORAGE MEDIUM.
20 21	(B) THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF GEOTHERMAL EQUIPMENT OR SOLAR ENERGY EQUIPMENT.
22 23	SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:
24	Article - Tax - Property
25	7–242.
26 27	(A) (1) IN THIS SECTION, THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.
28 29	(2) "GEOTHERMAL PROPERTY" MEANS A DEVICE THAT IS INSTALLED USING GROUND LOOP TECHNOLOGY TO HEAT AND COOL A
2 <i>9</i> 30	STRUCTURE.

- 1 (3) "SOLAR SOLAR ENERGY PROPERTY" MEANS EQUIPMENT THAT
 2 IS INSTALLED TO USE SOLAR ENERGY TO HEAT OR COOL A STRUCTURE,
 3 GENERATE ELECTRICITY TO BE USED IN THE A STRUCTURE, OR PROVIDE HOT
 4 WATER FOR USE IN THE A STRUCTURE.
- 5 (B) GEOTHERMAL PROPERTY OR EXCEPT AS PROVIDED IN § 8–240 OF THIS ARTICLE, SOLAR ENERGY PROPERTY IS NOT SUBJECT TO REAL PROPERTY TAX.
- 8 [7–308.
- 9 (a) In this section, "dwelling" has the meaning stated in § 9–105 of this 10 article.
- 11 (b) Real property is not subject to the State property tax if the property is a 12 solar energy device installed to heat or cool a dwelling, generate electricity to be used 13 in the dwelling, or provide hot water for use in the dwelling.]
- 14 8–240.
- 15 (a) If no conventional heating and cooling system exists in a building, a solar
 16 energy **OR GEOTHERMAL** heating and cooling system shall be assessed to the owner
 17 of the real property on which it is located at not more than the value of a conventional
 18 system.
- 19 (b) If a solar energy OR GEOTHERMAL heating and cooling system is 20 installed in addition to a conventional system in a building, the combined system may 21 be assessed to the owner of the real property on which it is located at not more than 22 the value of the conventional system.
- SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be applicable to all taxable years beginning after June 30, 2008.
- SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2008.