

HOUSE BILL 377

Q7

8lr0238
CF SB 207

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, Haynes, Hucker, Ivey, James, Jones, Krebs, Lee, Love, Manno, Mathias, McHale, McKee, Mizeur, Montgomery, Morhaim, Murphy, Pena-Melnyk, Ramirez, Rice, Rosenberg, Ross, Shewell, Sophocleus, Stein, Tarrant, and F. Turner**

Introduced and read first time: January 25, 2008

Assigned to: Economic Matters and Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Solar and Geothermal Tax Incentive and Grant Program**

3 FOR the purpose of altering the grant amounts awarded under the Solar Energy
4 Grant Program and the Geothermal Heat Pump Grant Program in the
5 Maryland Energy Administration; authorizing the Administration to adjust the
6 grant amounts under the programs under certain circumstances; exempting
7 from the sales and use tax a sale of certain geothermal equipment and solar
8 energy equipment; exempting the State and local property tax certain
9 geothermal property and solar energy property; defining certain terms;
10 repealing a certain State property tax exemption; providing for the application
11 of certain provisions of this Act; and generally relating to State and local solar
12 and geothermal energy incentives.

13 BY repealing and reenacting, with amendments,
14 Article – State Government
15 Section 9–2007 and 9–2008
16 Annotated Code of Maryland
17 (2004 Replacement Volume and 2007 Supplement)

18 BY adding to
19 Article – Tax – General
20 Section 11–230
21 Annotated Code of Maryland
22 (2004 Replacement Volume and 2007 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – Tax – Property
3 Section 7–242
4 Annotated Code of Maryland
5 (2007 Replacement Volume)

6 BY repealing
7 Article – Tax – Property
8 Section 7–308
9 Annotated Code of Maryland
10 (2007 Replacement Volume)

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

13 **Article – State Government**

14 9–2007.

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

16 (2) **“INSTALLED ELECTRICITY GENERATION CAPACITY” MEANS**
17 **THE MAXIMUM DIRECT CURRENT POWER OUTPUT IN WATTS OF THE ARRAY OF**
18 **PHOTOVOLTAIC MODULES RATED UNDER STANDARD TEST CONDITION.**

19 [(2)] (3) **“Photovoltaic property” means solar energy property WITH**
20 **AN INSTALLED ELECTRICITY GENERATION CAPACITY OF 20 KILOWATTS OR LESS**
21 **that uses a solar photovoltaic process to generate electricity and that meets applicable**
22 **performance and quality standards and certification requirements in effect at the time**
23 **of acquisition of the property, as specified by the Maryland Energy Administration.**

24 [(3)] (4) **“Program” means the Solar Energy Grant Program.**

25 [(4)] (5) (i) **“Solar energy property” means equipment that uses**
26 **solar energy:**

- 27 1. to generate electricity;
- 28 2. to heat or cool a structure or provide hot water for use
29 in a structure; or
- 30 3. to provide solar process heat.

31 (ii) **“Solar energy property” does not include a swimming pool,**
32 **hot tub, or any other energy storage medium that has a function other than storage.**

1 [(5)] (6) “Solar water heating property” means solar energy property
2 that:

3 (i) when installed in connection with a structure, uses solar
4 energy for the purpose of providing hot water for use within the structure; and

5 (ii) meets applicable performance and quality standards and
6 certification requirements in effect at the time of acquisition of the property, as
7 specified by the Maryland Energy Administration.

8 (b) There is a Solar Energy Grant Program in the Administration.

9 (c) The purpose of the Program is to provide grants to individuals, local
10 governments, and businesses for a portion of the costs of acquiring and installing
11 photovoltaic property and solar water heating property.

12 (d) The Administration shall:

13 (1) administer the Program;

14 (2) establish application procedures for the Program; and

15 (3) award grants from the Program.

16 (e) A grant awarded under the Program may not exceed:

17 (1) for photovoltaic property installed on residential property, the
18 lesser of [\$3,000 or 20% of the total installed cost of the photovoltaic property] **\$2,500**
19 **PER KILOWATT OF INSTALLED ELECTRICITY GENERATION CAPACITY OR**
20 **\$10,000;**

21 (2) for photovoltaic property installed on nonresidential property, the
22 lesser of \$5,000 or 20% of the total installed cost of the photovoltaic property; and

23 (3) for solar water heating property, the lesser of [\$2,000 or 20%]
24 **\$3,000 OR 30%** of the total installed cost of the solar water heating property.

25 (F) **SUBJECT TO THE LIMITATIONS IN SUBSECTION (E) OF THIS**
26 **SECTION, THE ADMINISTRATION MAY ADJUST THE GRANT AMOUNTS UNDER THE**
27 **PROGRAM TO REFLECT MARKET CONDITIONS AND THE PREVAILING PRICES OF**
28 **PHOTOVOLTAIC PROPERTY AND SOLAR WATER HEATING PROPERTY.**

29 9–2008.

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

1 (2) "Geothermal heat pump" means a heating and cooling device that
2 is installed using ground loop technology.

3 (3) "Program" means the Geothermal Heat Pump Grant Program.

4 (4) **"TON" MEANS 1 STANDARD TON OF REFRIGERATION EQUAL**
5 **TO 12,000 BRITISH THERMAL UNITS OF HEAT REMOVAL PER HOUR.**

6 (b) There is a Geothermal Heat Pump Grant Program in the Administration.

7 (c) The purpose of the Program is to provide grants to individuals for a
8 portion of the cost of acquiring and installing a geothermal heat pump.

9 (d) The Administration shall:

10 (1) administer the Program;

11 (2) establish application procedures for the Program; and

12 (3) award grants from the Program.

13 (e) A grant awarded under the Program may not exceed [\$1,000] **THE**
14 **LESSER OF:**

15 (1) **\$1,000 PER TON OR \$3,000 FOR A RESIDENTIAL SYSTEM; AND**

16 (2) **\$1,000 PER TON OR \$10,000 FOR A NONRESIDENTIAL SYSTEM.**

17 (F) **SUBJECT TO THE LIMITATIONS IN SUBSECTION(E) OF THIS SECTION,**
18 **THE ADMINISTRATION MAY ADJUST THE GRANT AMOUNTS UNDER THE**
19 **PROGRAM TO REFLECT MARKET CONDITIONS AND THE PREVAILING PRICES OF**
20 **GEOHERMAL HEAT PUMP SYSTEMS.**

21 **Article - Tax - General**

22 **11-230.**

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

25 (2) **"GEOHERMAL EQUIPMENT" MEANS EQUIPMENT THAT USES**
26 **GROUND LOOP TECHNOLOGY TO HEAT AND COOL A STRUCTURE.**

27 (3) (I) **"SOLAR ENERGY EQUIPMENT" MEANS EQUIPMENT THAT**
28 **USES SOLAR ENERGY TO HEAT OR COOL A STRUCTURE, GENERATE ELECTRICITY**

1 TO BE USED IN A STRUCTURE, OR PROVIDE HOT WATER FOR USE IN A
2 STRUCTURE.

3 (II) "SOLAR ENERGY EQUIPMENT" DOES NOT INCLUDE
4 EQUIPMENT THAT IS PART OF A NONSOLAR ENERGY SYSTEM OR THAT USES ANY
5 TYPE OF RECREATIONAL FACILITY OR EQUIPMENT AS A STORAGE MEDIUM.

6 (B) THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF
7 GEOTHERMAL EQUIPMENT OR SOLAR ENERGY EQUIPMENT.

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

10 **Article - Tax - Property**

11 **7-242.**

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

14 (2) "GEOTHERMAL PROPERTY" MEANS A DEVICE THAT IS
15 INSTALLED USING GROUND LOOP TECHNOLOGY TO HEAT AND COOL A
16 STRUCTURE.

17 (3) "SOLAR ENERGY PROPERTY" MEANS EQUIPMENT THAT IS
18 INSTALLED TO USE SOLAR ENERGY TO HEAT OR COOL A STRUCTURE, GENERATE
19 ELECTRICITY TO BE USED IN THE STRUCTURE, OR PROVIDE HOT WATER FOR
20 USE IN THE STRUCTURE.

21 (B) GEOTHERMAL PROPERTY OR SOLAR ENERGY PROPERTY IS NOT
22 SUBJECT TO REAL PROPERTY TAX.

23 [7-308.

24 (a) In this section, "dwelling" has the meaning stated in § 9-105 of this
25 article.

26 (b) Real property is not subject to the State property tax if the property is a
27 solar energy device installed to heat or cool a dwelling, generate electricity to be used
28 in the dwelling, or provide hot water for use in the dwelling.]

29 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
30 be applicable to all taxable years beginning after June 30, 2008.

1 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2008.