

# HOUSE BILL 377

Q7

8lr0238  
CF SB 207

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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

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 18, 2008

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## CHAPTER \_\_\_\_\_

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 from the State and local property tax certain  
9 ~~geothermal property and~~ solar energy property; requiring that certain  
10 geothermal property be assessed at no more than a certain value; defining  
11 certain terms; repealing a certain State property tax exemption; providing for  
12 the application of certain provisions of this Act; and generally relating to State  
13 and local solar and geothermal energy incentives.

14 BY repealing and reenacting, with amendments,  
15 Article – State Government  
16 Section 9–2007 and 9–2008  
17 Annotated Code of Maryland  
18 (2004 Replacement Volume and 2007 Supplement)

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### 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.



1 BY adding to  
 2 Article – Tax – General  
 3 Section 11–230  
 4 Annotated Code of Maryland  
 5 (2004 Replacement Volume and 2007 Supplement)

6 BY adding to  
 7 Article – Tax – Property  
 8 Section 7–242  
 9 Annotated Code of Maryland  
 10 (2007 Replacement Volume)

11 BY repealing  
 12 Article – Tax – Property  
 13 Section 7–308  
 14 Annotated Code of Maryland  
 15 (2007 Replacement Volume)

16 BY repealing and reenacting, with amendments,  
 17 Article – Tax – Property  
 18 Section 8–240  
 19 Annotated Code of Maryland  
 20 (2007 Replacement Volume)

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

23 **Article – State Government**

24 9–2007.

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

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

29 [(2)] (3) **“Photovoltaic property” means solar energy property WITH**  
 30 **AN INSTALLED ELECTRICITY GENERATION CAPACITY OF 20 KILOWATTS OR LESS**  
 31 **that uses a solar photovoltaic process to generate electricity and that meets applicable**  
 32 **performance and quality standards and certification requirements in effect at the time**  
 33 **of acquisition of the property, as specified by the Maryland Energy Administration.**

34 [(3)] (4) **“Program” means the Solar Energy Grant Program.**

35 [(4)] (5) (i) **“Solar energy property” means equipment that uses**  
 36 **solar energy:**

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

5 (ii) "Solar energy property" does not include a swimming pool,  
6 hot tub, or any other energy storage medium that has a function other than storage.

7 [(5)] (6) "Solar water heating property" means solar energy property  
8 that:

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

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

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

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

18 (d) The Administration shall:

19 (1) administer the Program;

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

21 (3) award grants from the Program.

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

23 (1) for photovoltaic property installed on residential property, the  
24 lesser of [\$3,000 or 20% of the total installed cost of the photovoltaic property] **\$2,500**  
25 **PER KILOWATT OF INSTALLED ELECTRICITY GENERATION CAPACITY OR**  
26 **\$10,000;**

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

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

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

5 9–2008.

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

7                               (2) “Geothermal heat pump” means a heating and cooling device that  
 8 is installed using ground loop technology.

9                               (3) “Program” means the Geothermal Heat Pump Grant Program.

10                              (4) **“TON” MEANS 1 STANDARD TON OF REFRIGERATION EQUAL**  
 11 **TO 12,000 BRITISH THERMAL UNITS OF HEAT REMOVAL PER HOUR.**

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

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

15           (d) The Administration shall:

16                              (1) administer the Program;

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

18                              (3) award grants from the Program.

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

21                              (1) **\$1,000 PER TON OR \$3,000 FOR A RESIDENTIAL SYSTEM; AND**

22                              (2) **\$1,000 PER TON OR \$10,000 FOR A NONRESIDENTIAL SYSTEM.**

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

27 **Article – Tax – General**

28 **11–230.**

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

3 (2) "GEOHERMAL EQUIPMENT" MEANS EQUIPMENT THAT USES  
4 GROUND LOOP TECHNOLOGY TO HEAT AND COOL A STRUCTURE.

5 (3) (I) "SOLAR ENERGY EQUIPMENT" MEANS EQUIPMENT THAT  
6 USES SOLAR ENERGY TO HEAT OR COOL A STRUCTURE, GENERATE ELECTRICITY  
7 TO BE USED IN A STRUCTURE, OR PROVIDE HOT WATER FOR USE IN A  
8 STRUCTURE.

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

12 (B) THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF  
13 GEOHERMAL EQUIPMENT OR SOLAR ENERGY EQUIPMENT.

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

16 **Article - Tax - Property**

17 **7-242.**

18 (A) ~~(1) IN THIS SECTION, THE FOLLOWING WORDS HAVE THE~~  
19 ~~MEANINGS INDICATED.~~

20 ~~(2) "GEOHERMAL PROPERTY" MEANS A DEVICE THAT IS~~  
21 ~~INSTALLED USING GROUND LOOP TECHNOLOGY TO HEAT AND COOL A~~  
22 ~~STRUCTURE.~~

23 ~~(3) "SOLAR SOLAR ENERGY PROPERTY" MEANS EQUIPMENT THAT~~  
24 ~~IS INSTALLED TO USE SOLAR ENERGY TO HEAT OR COOL A STRUCTURE,~~  
25 ~~GENERATE ELECTRICITY TO BE USED IN THE A STRUCTURE, OR PROVIDE HOT~~  
26 ~~WATER FOR USE IN THE A STRUCTURE.~~

27 (B) ~~GEOHERMAL PROPERTY OR~~ EXCEPT AS PROVIDED IN § 8-240 OF  
28 THIS ARTICLE, SOLAR ENERGY PROPERTY IS NOT SUBJECT TO REAL PROPERTY  
29 TAX.

30 [7-308.

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

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

6 8-240.

7 (a) If no conventional heating and cooling system exists in a building, a solar  
8 energy OR GEOTHERMAL heating and cooling system shall be assessed to the owner  
9 of the real property on which it is located at not more than the value of a conventional  
10 system.

11 (b) If a solar energy OR GEOTHERMAL heating and cooling system is  
12 installed in addition to a conventional system in a building, the combined system may  
13 be assessed to the owner of the real property on which it is located at not more than  
14 the value of the conventional system.

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

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

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.