

SENATE BILL 565

Q3

8lr1377

By: **Senators Garagiola, Brochin, Edwards, Forehand, Middleton, Peters, Raskin, and Rosapepe**

Introduced and read first time: February 1, 2008

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 17, 2008

CHAPTER _____

1 AN ACT concerning

2 **Income Tax Credit – Bio-Heating Oil**

3 FOR the purpose of allowing an individual or corporation to claim a certain credit
4 against the State income tax for each gallon of heating oil with a certain blend
5 of biodiesel purchased for certain uses; limiting the amount of the credit for a
6 certain tax year; requiring the Maryland Energy Administration to administer a
7 certain initial credit certificate; requiring the Maryland Energy Administration
8 to provide to the Comptroller certain information about taxpayers applying for
9 certain credit certificates; requiring the Maryland Energy Administration to
10 adopt certain regulations; requiring the Maryland Energy Administration to
11 conduct a certain public relations campaign; providing for the application of this
12 Act; providing for the termination of this Act; and generally relating to heating
13 oil blended with biodiesel.

14 BY adding to

15 Article – Tax – General

16 Section 10-726

17 Annotated Code of Maryland

18 (2004 Replacement Volume and 2007 Supplement)

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

21 **Article – Tax – General**

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 **10-726.**

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

4 (2) "BIO-HEATING OIL" MEANS HEATING OIL WITH A BLEND OF
5 AT LEAST 5% BIODIESEL.

6 (3) "ADMINISTRATION" MEANS THE MARYLAND ENERGY
7 ADMINISTRATION.

8 (B) AN INDIVIDUAL OR CORPORATION THAT RECEIVES AN INITIAL
9 CREDIT CERTIFICATE UNDER SUBSECTION (D) OF THIS SECTION FROM THE
10 ADMINISTRATION MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR A
11 TAXABLE YEAR IN AN AMOUNT EQUAL TO 5 CENTS FOR EACH GALLON OF
12 BIO-HEATING OIL PURCHASED FOR SPACE OR WATER HEATING.

13 (C) (1) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS
14 SECTION MAY NOT EXCEED THE LESSER OF:

15 (I) \$500; OR

16 (II) THE STATE INCOME TAX FOR THAT TAXABLE YEAR.

17 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE
18 YEAR MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

19 (D) (1) ON APPLICATION BY A TAXPAYER, THE MARYLAND ENERGY
20 ADMINISTRATION SHALL ISSUE AN INITIAL CREDIT CERTIFICATE FOR THE
21 NUMBER OF GALLONS OF BIO-HEATING OIL PURCHASED BY THE TAXPAYER FOR
22 SPACE OR WATER HEATING.

23 (2) THE INITIAL CREDIT CERTIFICATE ISSUED UNDER THIS
24 SUBSECTION SHALL STATE THE MAXIMUM AMOUNT OF CREDIT THAT MAY BE
25 CLAIMED BY THE TAXPAYER.

26 (3) ON JANUARY 1, 2009, AND EACH YEAR THEREAFTER, THE
27 ADMINISTRATION SHALL PROVIDE TO THE COMPTROLLER A LIST OF ALL
28 TAXPAYERS IN THE PRIOR TAX YEAR THAT HAVE BEEN ISSUED AN INITIAL
29 CREDIT CERTIFICATE AND SHALL SPECIFY FOR EACH TAXPAYER THE MAXIMUM
30 AMOUNT OF CREDIT ALLOWED.

31 (4) THE MARYLAND ENERGY ADMINISTRATION SHALL ADOPT
32 REGULATIONS TO ADMINISTER THE INITIAL CREDIT CERTIFICATE REQUIRED
33 UNDER THIS SUBSECTION.

1 SECTION 2. AND BE IT FURTHER ENACTED, That, utilizing existing
2 resources, the Maryland Energy Administration shall conduct a public relations
3 campaign in every county of the State to promote the use of heating oil blended with
4 biodiesel.

5 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 July 1, 2008, and shall be applicable to all taxable years beginning after December 31,
7 2007, but before January 1, 2013. It shall remain effective for a period of 5 years and,
8 at the end of June 30, 2013, with no further action required by the General Assembly,
9 this Act shall be abrogated and of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.