

# HOUSE BILL 692

Q8, Q4

11r0781  
CF SB 553

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By: **Delegates Carr, Barve, and Luedtke**

Introduced and read first time: February 10, 2011

Assigned to: Ways and Means and Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Public Service Company Franchise Tax – Gross Receipts – Definition**

3 FOR the purpose of altering the definition of gross receipts to exempt from the public  
4 service company franchise tax certain revenue that a public service company  
5 collects to offset certain taxes imposed based on electricity or natural gas  
6 delivered to residential property; and generally relating to the definition of  
7 gross receipts for purposes of the public service company franchise tax.

8 BY repealing and reenacting, with amendments,  
9 Article – Tax – General  
10 Section 8–401(c)(5)  
11 Annotated Code of Maryland  
12 (2010 Replacement Volume)

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

15 **Article – Tax – General**

16 8–401.

17 (c) (5) For a public service company engaged in the transmission,  
18 distribution, or delivery of electricity or gas in the State:

19 (i) “gross receipts” includes:

20 1. except as provided in item (ii)2 and 3 of this  
21 paragraph, gross charges for the transmission, distribution, or delivery of electricity or  
22 natural gas or for distribution or delivery–related services; and

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1                                   2.     competitive transition charges, intangible transition  
2 charges, and any other surcharge or other cost–recovery mechanism authorized for  
3 recovery of transition costs or the costs of demand side management or other energy  
4 conservation programs, universal service or other public purpose programs, or  
5 consumer education programs; and

6                                   (ii)   “gross receipts” does not include:

7                                   1.     gross charges from the sale of electricity or natural  
8 gas;

9                                   2.     gross charges from the transmission, distribution, or  
10 delivery of electricity or natural gas to another public service company subject to the  
11 tax imposed under § 8–402 of this subtitle if the buyer intends to resell the electricity  
12 or natural gas; [or]

13                                  3.     gross charges from an interstate transmission  
14 network or from the transmission, distribution, or delivery of electricity or natural gas  
15 to a customer located in another state; **OR**

16                                  4.     **ANY REVENUE THAT A PUBLIC SERVICE COMPANY**  
17 **COLLECTS TO OFFSET A TAX IMPOSED ON THE PUBLIC SERVICE COMPANY BY A**  
18 **LOCAL GOVERNMENT BASED ON ELECTRICITY OR NATURAL GAS DELIVERED TO**  
19 **RESIDENTIAL PROPERTY.**

20                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 July 1, 2011.