

# HOUSE BILL 11

Q7

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HB 24/12 – W&M

(PRE-FILED)

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By: **Delegate McMillan**

Requested: November 8, 2012

Introduced and read first time: January 9, 2013

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland–Mined Coal Tax Credit – Repeal**

3 FOR the purpose of repealing certain credits allowed against certain taxes for the  
4 purchase of Maryland–mined coal; providing for the application of this Act; and  
5 generally relating to the repeal of certain credits allowed against certain taxes  
6 for the purchase of Maryland–mined coal.

7 BY repealing

8 Article – Tax – General

9 Section 8–406(b) and 10–704.1

10 Annotated Code of Maryland

11 (2010 Replacement Volume and 2012 Supplement)

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

14 **Article – Tax – General**

15 8–406.

16 **[(b) (1) (i)]** Subject to the limitations of this subsection, a public service  
17 company, including any multijurisdictional public service company, may claim a credit  
18 against the public service company franchise tax in the amount of \$3 for each ton of  
19 Maryland–mined coal that the public service company purchased in the calendar year.

20 **(ii)** The credit under this subsection may not be claimed for  
21 Maryland–mined coal purchased in a calendar year beginning after December 31,  
22 2020.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           (2)   (i)    This paragraph applies only to credits claimed under this  
2 subsection for calendar years beginning on or after January 1, 2007.

3                   (ii)   The amount claimed as a credit under this subsection may  
4 not exceed the amount approved by the Department under this paragraph.

5                   (iii)   By January 15 of the calendar year following the end of the  
6 calendar year in which the Maryland–mined coal was purchased, a public service  
7 company, or a cogenerator or electricity supplier as defined in § 10–704.1 of this  
8 article, shall submit an application to the Department for approval of the credit  
9 allowed under this paragraph.

10                   (iv)   Subject to subparagraph (vi) of this paragraph, the total  
11 amount of credits approved by the Department under this paragraph for any calendar  
12 year may not exceed:

13                           1.   \$4,500,000 for a calendar year beginning after  
14 December 31, 2008, but before January 1, 2013;

15                           2.   \$6,000,000 for a calendar year beginning after  
16 December 31, 2012, but before January 1, 2015; or

17                           3.   \$3,000,000 for a calendar year beginning after  
18 December 31, 2014, but before January 1, 2021.

19                   (v)    Subject to subparagraph (vi) of this paragraph, if the total  
20 amount of credits applied for in any calendar year under this paragraph exceeds the  
21 maximum specified under subparagraph (iv) of this paragraph, the Department shall  
22 approve a credit under this paragraph for each applicant in an amount equal to the  
23 product of multiplying the credit applied for by the applicant times a fraction:

24                           1.   the numerator of which is the maximum specified  
25 under subparagraph (iv) of this paragraph; and

26                           2.   the denominator of which is the total of all credits  
27 applied for by all applicants under this paragraph for the calendar year.

28                   (vi)   1.   Of the total credits approved for any calendar year  
29 beginning after December 31, 2006, but before January 1, 2021, the Department shall  
30 reserve \$2,250,000 of the credits for purchases of Maryland–mined coal that will be  
31 used by a facility in Maryland.

32                           2.   If the total amount of credits applied for by all  
33 applicants for any calendar year for the purchase of Maryland–mined coal that will be  
34 used in Maryland exceeds \$2,250,000, the Department shall approve a credit under  
35 this paragraph for each applicant in an amount equal to the product of multiplying the  
36 credit applied for by the applicant times a fraction:

1           A.     the numerator of which is \$2,250,000; and

2           B.     the denominator of which is the total of all credits  
3 applied for by all applicants under this paragraph for the calendar year for the  
4 purchase of Maryland–mined coal that will be used in Maryland.

5                   (vii) On or before February 15 of the calendar year following the  
6 end of the calendar year in which the Maryland–mined coal was purchased, the  
7 Department shall certify to each applicant claiming a credit the amount of the tax  
8 credits approved by the Department for that applicant under this paragraph.]

9 [10–704.1.

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

11                   (2)   “Cogenerator” means a qualifying cogenerator or qualifying small  
12 power producer as determined by the Federal Energy Regulatory Commission under  
13 the Public Utility Regulatory Policies Act of 1978.

14                   (3)   “Electricity supplier” has the meaning stated in § 1–101 of the  
15 Public Utilities Article.

16           (b)    This section does not apply to:

17                   (1)   a cogenerator or electricity supplier that is subject to the public  
18 service company franchise tax; or

19                   (2)   an electricity supplier that, before July 1, 1999, was not an electric  
20 company as defined in § 1–101 of the Public Utilities Article as in effect on June 30,  
21 1999, unless the electricity supplier is an affiliate of such an electric company.

22           (c)    Subject to the limitations in § 8–406(b)(2) of this article, a cogenerator or  
23 electricity supplier may claim a credit against the State income tax in the amount of  
24 \$3 for each ton of Maryland–mined coal that the cogenerator or electricity supplier  
25 purchased in the taxable year.

26                   (1)   A cogenerator or electricity supplier may only apply the credit  
27 against the State income tax for the taxable year in which the credit was earned.

28                   (2)   The amount of the credit may not exceed the State income tax for  
29 that taxable year.

30                   (3)   The total amount of credits approved under this section shall be  
31 subject to the limitations in § 8–406(b)(2)(iv), (v), and (vi) of this article.

1 (e) A cogenerator or electricity supplier shall submit an application in  
2 accordance with § 8-406(b)(2)(iii) of this article in order to claim the credit available  
3 under this section.]

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
5 July 1, 2013, and shall be applicable to all taxable years beginning after December 31,  
6 2012.