

# HOUSE BILL 627

Q1, L1

9lr1203  
CF SB 610

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By: **Delegate Luedtke**

Introduced and read first time: February 6, 2019

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Solar Photovoltaic Property – Personal Property Tax Exemption and Local Fee**  
3 **Requirement**

4 FOR the purpose of requiring the governing body of a county to require, by law, the owner  
5 or operator of certain solar energy property to pay a certain fee to the county;  
6 requiring counties to distribute a certain amount of a certain fee to a municipality  
7 under certain circumstances; requiring counties and municipalities to deposit a  
8 certain fee in the general fund of the county or municipality; providing for the  
9 calculation of the fee; exempting from the personal property tax certain solar energy  
10 property; making a certain property tax exemption for certain solar energy property  
11 subject to evaluation under the Tax Credit Evaluation Act on or before a certain date;  
12 expanding the scope of the Tax Credit Evaluation Act to include the evaluation of  
13 tax exemptions; providing for the application of certain provisions of this Act;  
14 defining a certain term; altering certain definitions; making conforming changes;  
15 and generally relating to solar energy property in the State.

16 BY adding to

17 Article – Local Government

18 Section 20–610 to be under the amended subtitle “Subtitle 6. Sales and Use Taxes;  
19 Fees; Gross Receipts Tax”

20 Annotated Code of Maryland

21 (2013 Volume and 2018 Supplement)

22 BY repealing and reenacting, with amendments,

23 Article – Tax – General

24 Section 1–301 through 1–311 to be under the amended subtitle “Subtitle 3. Tax  
25 Credit and Exemption Evaluation Act”

26 Annotated Code of Maryland

27 (2016 Replacement Volume and 2018 Supplement)

28 BY adding to

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Tax – Property  
2 Section 7–246  
3 Annotated Code of Maryland  
4 (2012 Replacement Volume and 2018 Supplement)

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

7 **Article – Local Government**

8 Subtitle 6. Sales and Use Taxes; [User] Fees; Gross Receipts Tax.

9 **20–610.**

10 (A) IN THIS SECTION, “SOLAR PHOTOVOLTAIC PROPERTY” MEANS  
11 EQUIPMENT PLACED IN SERVICE ON OR AFTER JULY 1, 2019, BUT BEFORE JANUARY  
12 1, 2031, THAT USES A SOLAR PHOTOVOLTAIC PROCESS TO GENERATE ELECTRICITY  
13 AT A CAPACITY THAT EXCEEDS 2 MEGAWATTS.

14 (B) THIS SECTION DOES NOT APPLY TO SOLAR PHOTOVOLTAIC PROPERTY  
15 THAT IS SUBJECT TO A PAYMENT IN LIEU OF TAXES AGREEMENT THAT WAS IN  
16 EFFECT BEFORE JULY 1, 2019.

17 (C) (1) THE GOVERNING BODY OF A COUNTY SHALL REQUIRE, BY LAW,  
18 THE OWNER OR OPERATOR OF SOLAR PHOTOVOLTAIC PROPERTY IN THE COUNTY TO  
19 PAY AN ANNUAL FEE TO THE COUNTY AS PROVIDED IN SUBSECTION (D) OF THIS  
20 SECTION.

21 (2) IF THE SOLAR PHOTOVOLTAIC PROPERTY IS LOCATED WITHIN A  
22 MUNICIPALITY, THE COUNTY SHALL DISTRIBUTE \$500 OF THE FEE COLLECTED  
23 UNDER PARAGRAPH (1) OF THIS SUBSECTION TO THE MUNICIPALITY.

24 (3) (I) EACH COUNTY SHALL DEPOSIT THE FEE THE COUNTY  
25 COLLECTS UNDER PARAGRAPH (1) OF THIS SUBSECTION INTO ITS GENERAL FUND.

26 (II) EACH MUNICIPALITY SHALL DEPOSIT THE FEE THE  
27 MUNICIPALITY RECEIVES UNDER PARAGRAPH (2) OF THIS SUBSECTION INTO ITS  
28 GENERAL FUND.

29 (D) (1) FOR SOLAR PHOTOVOLTAIC PROPERTY LOCATED ON LAND  
30 ASSESSED, IN THE PREVIOUS 5 YEARS, ON THE BASIS OF FARM OR AGRICULTURAL  
31 USE UNDER § 8–209 OF THE TAX – PROPERTY ARTICLE, THE FEE REQUIRED UNDER  
32 SUBSECTION (C) OF THIS SECTION SHALL EQUAL \$2,500 PER MEGAWATT CAPACITY.



1 (1) § 10–704 of this article (earned income); and

2 (2) § 10–730 of this article (film production activity).

3 (d) On or before July 1, 2016, an evaluation shall be made of the tax credit under  
4 § 5A–303 of the State Finance and Procurement Article, § 6–105.2 of the Insurance Article,  
5 and § 10–704.5 of this article (sustainable communities).

6 (e) On or before July 1, 2017, an evaluation shall be made of the tax credits under:

7 (1) § 9–230 of the Tax – Property Article, § 6–116 of the Insurance Article,  
8 and § 10–704.8 of this article (new job creating businesses); and

9 (2) § 10–704.4 of this article (job creation).

10 (f) On or before July 1, 2018, an evaluation shall be made of the tax credits under:

11 (1) § 10–721 of this article (qualified research and development expenses);  
12 and

13 (2) § 10–725 of this article (biotechnology investment incentive).

14 (g) On or before July 1, 2019, an evaluation shall be made of the tax credit under  
15 § 10–702 of this article (wages paid in a Regional Institution Strategic Enterprise zone) and  
16 § 9–103.1 of the Tax – Property Article (qualified property in a Regional Institution  
17 Strategic Enterprise zone).

18 (h) On or before July 1, 2021, an evaluation shall be made of the tax credit under  
19 § 10–741 of this article and the sales and use tax refund under § 11–411 of this article (More  
20 Jobs for Marylanders tax credit).

21 (i) On or before July 1, 2023, an evaluation shall be made of the tax credits under  
22 § 10–733 of this article (cybersecurity investment incentive) and § 10–733.1 of this article  
23 (purchase of cybersecurity technology or service).

24 **(J) ON OR BEFORE JULY 1, 2024, AN EVALUATION SHALL BE MADE OF THE**  
25 **PROPERTY TAX EXEMPTION UNDER § 7–246 OF THE TAX – PROPERTY ARTICLE**  
26 **(SOLAR PHOTOVOLTAIC PROPERTY).**

27 1–304.

28 (a) Evaluation of a tax credit **OR EXEMPTION** shall be completed by an evaluation  
29 committee appointed jointly by the President of the Senate and the Speaker of the House.

30 (b) Each evaluation committee for a tax credit **OR EXEMPTION** shall be appointed  
31 on or before May 31 of the year before the evaluation date of that tax modification or tax  
32 exemption.

1 (c) An evaluation committee shall include at least one member of the Senate  
2 Budget and Taxation Committee and at least one member of the House Committee on Ways  
3 and Means.

4 1-305.

5 On or before June 30 of the year before the evaluation date of a tax credit **OR**  
6 **EXEMPTION**, each evaluation committee for that tax credit **OR EXEMPTION** shall:

7 (1) consult with:

8 (i) the Department of Budget and Management;

9 (ii) the Department of Legislative Services;

10 (iii) the Comptroller; and

11 (iv) the department that administers the tax credit **OR EXEMPTION**  
12 under evaluation; and

13 (2) prepare a plan for the evaluation.

14 1-306.

15 During an evaluation, the Comptroller, the Department of Budget and Management,  
16 and the department that administers the tax credit **OR EXEMPTION** shall:

17 (1) provide promptly any information that the Department of Legislative  
18 Services or an evaluation committee requests; and

19 (2) otherwise cooperate with the Department of Legislative Services and  
20 the evaluation committee.

21 1-307.

22 (a) (1) Subject to § 2-1246 of the State Government Article, on or before  
23 November 15 of the year before the evaluation date of a tax credit **OR EXEMPTION**, the  
24 Department of Legislative Services shall submit to the General Assembly an evaluation  
25 report on the tax credit **OR EXEMPTION**.

26 (2) The Department of Legislative Services shall make copies of the report  
27 available to the public.

28 (b) The report required under subsection (a) of this section shall discuss:

- 1 (1) the purpose for which the tax credit **OR EXEMPTION** was established;
- 2 (2) whether the original intent of the tax credit **OR EXEMPTION** is still  
3 appropriate;
- 4 (3) whether the tax credit **OR EXEMPTION** is meeting its objectives;
- 5 (4) whether the purposes of the tax credit **OR EXEMPTION** could be more  
6 efficiently and effectively carried out through alternative methods; and
- 7 (5) the costs of providing the tax credit **OR EXEMPTION**, including the  
8 administrative cost to the State and lost revenues to the State and local governments.

9 1–308.

10 On or before December 31 of the year before the evaluation date of a tax credit **OR**  
11 **EXEMPTION**, the evaluation committee shall hold a public hearing to receive, from the  
12 Comptroller and the public, testimony regarding the evaluation report.

13 1–309.

14 (a) Subject to § 2–1246 of the State Government Article, on or before the 20th day  
15 of the regular session of the General Assembly in the year of the evaluation date of a tax  
16 credit **OR EXEMPTION**, the evaluation committee for the tax credit **OR EXEMPTION** shall  
17 submit a report to the General Assembly.

18 (b) (1) The report required under subsection (a) of this section shall  
19 recommend whether the tax credit **OR EXEMPTION** should be continued, with or without  
20 changes, or terminated.

21 (2) The report shall be accompanied by any legislation that is needed to  
22 accomplish the recommendations in the report.

23 1–310.

24 The continuation of a tax credit **OR EXEMPTION** designated for evaluation under  
25 this subtitle is for a 7–year period and is subject to reevaluation 7 years after the previous  
26 evaluation, unless another period is set by law.

27 1–311.

28 This subtitle may be cited as the “Tax Credit **AND EXEMPTION** Evaluation Act”.

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

Article – Tax – Property

7-246.

**PERSONAL PROPERTY IS NOT SUBJECT TO PROPERTY TAX IF THE PROPERTY:**

**(1) IS SOLAR ENERGY EQUIPMENT PLACED IN SERVICE ON OR AFTER JULY 1, 2019, BUT BEFORE JANUARY 1, 2031;**

**(2) USES A SOLAR PHOTOVOLTAIC PROCESS TO GENERATE ELECTRICITY AT A CAPACITY THAT EXCEEDS 2 MEGAWATTS;**

**(3) MEETS APPLICABLE PERFORMANCE AND QUALITY STANDARDS AND CERTIFICATION REQUIREMENTS IN EFFECT AT THE TIME OF ACQUISITION OF THE PROPERTY, AS SPECIFIED BY THE MARYLAND ENERGY ADMINISTRATION; AND**

**(4) IS NOT SUBJECT TO A PAYMENT IN LIEU OF TAXES AGREEMENT THAT WAS IN EFFECT BEFORE JULY 1, 2019.**

SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be applicable to all taxable years beginning after June 30, 2019.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2019.