

Chapter 636

(House Bill 980)

AN ACT concerning

Income Tax – Energy Storage Tax Credit – Alterations

FOR the purpose of defining “taxpayer” for purposes of eligibility for a certain credit against the State income tax for the costs of installing an energy storage system; increasing the maximum amount of a tax credit certificate that may be issued by the Maryland Energy Administration for the installation of an energy storage system on commercial property; making conforming changes; defining a certain term; providing for the application of this Act; and generally relating to the energy storage tax credit.

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10–719

Annotated Code of Maryland

(2016 Replacement Volume and 2019 Supplement)

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

Article – Tax – General

10–719.

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

(2) “Administration” means the Maryland Energy Administration.

(3) “Energy storage system” means a system used to store electrical energy, or mechanical, chemical, or thermal energy that was once electrical energy, for use as electrical energy at a later date or in a process that offsets electricity use at peak times.

(4) “TAXPAYER” MEANS:

(I) THE OWNER OF A RESIDENTIAL PROPERTY WHO PURCHASES AND INSTALLS AN ENERGY STORAGE SYSTEM ON THE RESIDENTIAL PROPERTY;

(II) THE OWNER OF A COMMERCIAL PROPERTY WHO PURCHASES AND INSTALLS AN ENERGY STORAGE SYSTEM ON THE COMMERCIAL PROPERTY; OR

(III) AN INDIVIDUAL OR A CORPORATION THAT OWNS OR PAYS FOR THE INSTALLATION OF AN ENERGY STORAGE SYSTEM THAT SUPPLIES ELECTRICAL ENERGY INTENDED FOR USE ON THE RESIDENTIAL OR COMMERCIAL PROPERTY ON WHICH THE ENERGY STORAGE SYSTEM IS INSTALLED.

(b) Subject to the limitations of this section, a taxpayer that receives a tax credit certificate may claim a credit against the State income tax for the total installed costs of an energy storage system [paid or incurred] **INSTALLED ON RESIDENTIAL OR COMMERCIAL PROPERTY** during the taxable year.

(c) On application by a taxpayer, the Administration shall issue a tax credit certificate that may not exceed the lesser of:

(1) (i) for an energy storage system installed on a residential property, \$5,000; or

(ii) for an energy storage system installed on a commercial property, [\$75,000] **\$150,000**; or

(2) 30% of the total installed costs of the energy storage system.

(d) The Administration may not issue an aggregate amount of tax credit certificates exceeding \$750,000 [in] **FOR** a taxable year.

(e) The Administration shall approve all applications that qualify for a tax credit certificate:

(1) on a first-come, first-served basis; and

(2) in a timely manner.

(f) (1) The total amount of the credit allowed under this section for any taxable year may not exceed the State income tax for that taxable year, calculated before the application of the credits under this section and §§ 10-701 and 10-701.1 of this subtitle, but after the application of other credits allowable under this subtitle.

(2) The unused amount of credit for any taxable year may not be carried over to any other taxable year.

(g) The credit under this section may not be claimed for an energy storage system installed before January 1, 2018, or after December 31, 2022.

(h) On or before January 31 each taxable year, the Administration shall report to the Comptroller on the tax credit certificates issued under this section during the prior taxable year.

(i) The Administration, in consultation with the Comptroller, shall adopt regulations to carry out this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020, and shall be applicable to all taxable years beginning after December 31, ~~2017~~ 2019.

Enacted under Article II, § 17(c) of the Maryland Constitution, May 8, 2020.