

Chapter 246

(Senate Bill 215)

AN ACT concerning

Income Tax – Energy Storage Tax Credit – Alterations and Extension
Energy Storage Systems – Income Tax Credit and Grant Program

FOR the purpose of ~~increasing the total amount of tax credit certificates that the Maryland Energy Administration may issue in a taxable year for the costs of installing an energy storage system; authorizing, under certain circumstances, a taxpayer to claim a refund of the credit; altering the date by which an energy storage system is required to be installed for purposes of eligibility for the credit; a certain credit against the State income tax for the costs of installing an energy storage system; establishing the Energy Storage System Grant Program in the Maryland Energy Administration to provide grants to certain applicants for the purchase and installation of energy storage systems; terminating the energy storage tax credit; establishing the Energy Storage System Grant Fund as a special, nonlapsing fund;~~ and generally relating to the energy storage tax credit and grant program.

BY repealing and reenacting, without amendments,

Article – Tax – General

Section 10–719(a) and (b)

Annotated Code of Maryland

(2016 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – General

Section ~~10–719(d), (f), and (g)~~ 10–719(g)

Annotated Code of Maryland

(2016 Replacement Volume and 2021 Supplement)

BY adding toArticle – State GovernmentSection 9–2010Annotated Code of Maryland(2021 Replacement Volume)BY repealingArticle – Tax – GeneralSection 10–719Annotated Code of Maryland(2016 Replacement Volume and 2021 Supplement)(As enacted by Section 1 of this Act)

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 installed on residential or commercial property during the taxable year.

~~(d) The Administration may not issue an aggregate amount of tax credit certificates exceeding [\$750,000] \$1,000,000 for a taxable year.~~

~~(f) (1) (i) [The] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION AND SUBJECT TO SUBPARAGRAPH (H) OF THIS PARAGRAPH, 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)] (H) The unused amount of credit for any taxable year may not be carried over to any other taxable year.~~

~~(2) (i) THIS PARAGRAPH APPLIES ONLY TO A TAXPAYER WHO IS AN INDIVIDUAL WHO OWNS AND PAYS FOR THE INSTALLATION OF AN ENERGY STORAGE SYSTEM THAT SUPPLIES ELECTRICAL ENERGY INTENDED FOR USE ON THE PRIMARY RESIDENCE OF THE TAXPAYER.~~

~~(ii) FOR ANY TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2022, IF THE TAX CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE TAXPAYER FOR THAT TAXABLE YEAR, THE TAXPAYER MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.~~

(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] 2024.

~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.~~

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

Article – State Government

9-2010.

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

(2) “ELIGIBLE APPLICANT” 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 BUSINESS ENTITY 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.

(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) “FUND” MEANS THE ENERGY STORAGE SYSTEM GRANT FUND.

(5) “PROGRAM” MEANS THE ENERGY STORAGE SYSTEM GRANT PROGRAM.

(B) THERE IS AN ENERGY STORAGE SYSTEM GRANT PROGRAM IN THE ADMINISTRATION.

(C) THE PURPOSE OF THE PROGRAM IS TO PROVIDE GRANTS TO INDIVIDUALS AND BUSINESS ENTITIES FOR A PORTION OF THE COSTS OF PURCHASING AND INSTALLING ENERGY STORAGE SYSTEMS.

(D) THE ADMINISTRATION SHALL:

(1) ADMINISTER THE PROGRAM;

(2) ESTABLISH APPLICATION PROCEDURES FOR THE PROGRAM; AND

(3) AWARD GRANTS UNDER THE PROGRAM.

(E) SUBJECT TO THE AVAILABILITY OF MONEY IN THE FUND, AN ELIGIBLE APPLICANT MAY APPLY FOR A GRANT UNDER THE PROGRAM FOR COSTS INCURRED TO PURCHASE AND INSTALL AN ENERGY STORAGE SYSTEM.

(F) A GRANT AWARDED UNDER THE PROGRAM 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, \$150,000; OR

(2) 30% OF THE TOTAL INSTALLED COSTS OF THE ENERGY STORAGE SYSTEM.

(G) THE ADMINISTRATION SHALL APPROVE ALL APPLICATIONS THAT QUALIFY FOR A GRANT UNDER THE PROGRAM:

(1) ON A FIRST-COME, FIRST-SERVED BASIS; AND

(2) IN A TIMELY MANNER.

(H) A GRANT UNDER THIS SECTION MAY NOT BE AWARDED FOR AN ENERGY STORAGE SYSTEM INSTALLED BEFORE JANUARY 1, 2025.

(1) (1) THERE IS AN ENERGY STORAGE SYSTEM GRANT FUND.

(2) THE ADMINISTRATION SHALL ADMINISTER THE FUND.

(3) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(II) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(4) THE FUND CONSISTS OF:

(I) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND; AND

(II) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(5) THE FUND MAY BE USED ONLY FOR:

(I) PROVIDING GRANTS UNDER THE PROGRAM TO ELIGIBLE APPLICANTS; AND

(II) ADMINISTRATIVE COSTS OF THE PROGRAM.

(6) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(II) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE GENERAL FUND OF THE STATE.

(J) THE ADMINISTRATION MAY ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

SECTION 3. AND BE IT FURTHER ENACTED, 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 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, \$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 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, 2024.

(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 4. AND BE IT FURTHER ENACTED, That:

(a) Section 1 of this Act shall be applicable to taxable years beginning after December 31, 2021, but before January 1, 2025.

(b) Section 3 of this Act shall be applicable to taxable years beginning after December 31, 2024.

SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect July 1, 2024.

SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect July 1, 2025.

SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in Sections 5 and 6 of this Act, this Act shall take effect July 1, 2022.

Approved by the Governor, May 12, 2022.