

SENATE BILL 692

Q3

3lr2375
CF HB 1181

By: ~~Senator King~~ **Senators King and Hester**

Introduced and read first time: February 6, 2023

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 9, 2023

CHAPTER _____

1 AN ACT concerning

2 **Income Tax – Credit for Purchase of Zero–Emission and Hybrid Mobile**
3 **Machinery**

4 FOR the purpose of allowing a credit against the State income tax for the purchase of
5 certain zero–emission and hybrid mobile machinery during certain taxable years by
6 certain taxpayers for use in the taxpayers’ businesses or for rental or lease to the
7 general public; and generally relating to an income tax credit for the purchase of
8 zero–emission and hybrid mobile machinery.

9 BY adding to

10 Article – Tax – General
11 Section 10–757
12 Annotated Code of Maryland
13 (2022 Replacement Volume)

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

16 **Article – Tax – General**

17 **10–757.**

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (2) "ELIGIBLE TAXPAYER" MEANS A PERSON:

2 (I) ~~THE PRINCIPAL THAT HAS A PLACE OF BUSINESS OF WHICH~~
3 ~~IS~~ LOCATED IN THE STATE;

4 (II) THE PRINCIPAL BUSINESS OF WHICH IS THE RENTAL OR
5 LEASE OF TANGIBLE PERSONAL PROPERTY TO THE GENERAL PUBLIC; AND

6 (III) THAT DERIVES AT LEAST 51% OF THE PERSON'S ANNUAL
7 GROSS REVENUE FROM THE RENTAL OR LEASE OF ~~MOBILE MACHINERY~~ TANGIBLE
8 PERSONAL PROPERTY TO THE GENERAL PUBLIC.

9 (3) "HYBRID MOBILE MACHINERY" MEANS MOBILE MACHINERY
10 THAT:

11 (I) IS A QUALIFIED COMMERCIAL CLEAN VEHICLE UNDER §
12 45W OF THE INTERNAL REVENUE CODE; AND

13 (II) IS CAPABLE OF DRAWING PROPULSION ENERGY FROM BOTH
14 OF THE FOLLOWING SOURCES OF STORED ENERGY:

15 1. GASOLINE ~~OR~~, DIESEL FUEL, OR OTHER FUELS
16 INTENDED TO BE USED IN AN INTERNAL COMBUSTION ENGINE; AND

17 2. A RECHARGEABLE ENERGY STORAGE SYSTEM.

18 (4) "MOBILE MACHINERY" HAS THE MEANING STATED IN § 4053(8) OF
19 THE INTERNAL REVENUE CODE.

20 (5) "ZERO-EMISSION MOBILE MACHINERY" MEANS MOBILE
21 MACHINERY THAT:

22 ~~(I)~~ IS A QUALIFIED COMMERCIAL CLEAN VEHICLE UNDER §
23 45W OF THE INTERNAL REVENUE CODE; ~~AND~~

24 ~~(II)~~ ~~WITHOUT ALTERATION FROM THE MANUFACTURER'S~~
25 ~~ORIGINAL SPECIFICATIONS, PRODUCES NO TAILPIPE OR EVAPORATIVE EMISSIONS.~~

26 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, FOR A TAXABLE YEAR
27 BEGINNING AFTER DECEMBER 31, 2023, BUT BEFORE JANUARY 1, ~~2023~~ 2028, AN
28 ELIGIBLE TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR
29 HYBRID MOBILE MACHINERY OR ZERO-EMISSION MOBILE MACHINERY PURCHASED
30 DURING THE TAXABLE YEAR FOR USE IN THE ELIGIBLE TAXPAYER'S BUSINESS OR
31 FOR RENTAL OR LEASE TO THE GENERAL PUBLIC.

1 (C) THE CREDIT ALLOWED UNDER THIS SECTION SHALL EQUAL:

2 (1) WITH RESPECT TO ZERO-EMISSION MOBILE MACHINERY, AN
3 AMOUNT EQUAL TO THE LESSER OF 30% OF THE PURCHASE PRICE OF THE MOBILE
4 MACHINERY OR:

5 (I) IF THE MOBILE MACHINERY HAS A GROSS VEHICLE WEIGHT
6 RATING UNDER 14,000 POUNDS, \$5,000; OR

7 (II) IF THE MOBILE MACHINERY HAS A GROSS VEHICLE WEIGHT
8 RATING OF AT LEAST 14,000 POUNDS, \$10,000; OR

9 (2) WITH RESPECT TO HYBRID MOBILE MACHINERY, AN AMOUNT
10 EQUAL TO THE LESSER OF 15% OF THE PURCHASE PRICE OF THE MOBILE
11 MACHINERY OR:

12 (I) IF THE MOBILE MACHINERY HAS A GROSS VEHICLE WEIGHT
13 RATING UNDER 14,000 POUNDS, \$5,000; OR

14 (II) IF THE MOBILE MACHINERY HAS A GROSS VEHICLE WEIGHT
15 RATING OF AT LEAST 14,000 POUNDS, \$10,000.

16 (D) (1) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS
17 SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX
18 IMPOSED FOR THE TAXABLE YEAR, CALCULATED BEFORE THE APPLICATION OF THE
19 CREDITS ALLOWED UNDER THIS SECTION AND UNDER §§ 10-701 AND 10-701.1 OF
20 THIS SUBTITLE BUT AFTER THE APPLICATION OF ANY OTHER CREDIT ALLOWED
21 UNDER THIS SUBTITLE.

22 (2) IF THE CREDIT OTHERWISE ALLOWABLE UNDER THIS SECTION
23 EXCEEDS THE LIMIT UNDER PARAGRAPH (1) OF THIS SUBSECTION, AN ELIGIBLE
24 TAXPAYER MAY APPLY THE EXCESS AS A CREDIT AGAINST THE STATE INCOME TAX
25 FOR SUCCEEDING TAXABLE YEARS UNTIL THE FULL AMOUNT OF THE EXCESS IS
26 USED.

27 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 1,
28 2027, the Comptroller shall report to the General Assembly, in accordance with § 2-1257
29 of the State Government Article, on the utilization of the tax credit enacted under Section
30 1 of this Act.

31 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 July 1, 2023.