

# SENATE BILL 932

Q3  
HB 1198/13 – W&M

4lr2856

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By: **Senator Young**  
Introduced and read first time: January 31, 2014  
Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Renewable Energy Systems**

3 FOR the purpose of allowing an individual or a corporation to claim a credit against  
4 the State income tax for a certain portion of the cost of a renewable energy  
5 system; requiring a renewable energy system for which a credit is claimed to  
6 satisfy certain requirements; providing that the amount of the credit may not  
7 exceed the State income tax for a taxable year; authorizing an individual or a  
8 corporation to apply any excess amount of the credit against the State income  
9 tax for succeeding taxable years; requiring the Comptroller to adopt certain  
10 regulations; defining certain terms; providing for the application of this Act; and  
11 generally relating to an income tax credit for renewable energy systems.

12 BY adding to  
13 Article – Tax – General  
14 Section 10–719  
15 Annotated Code of Maryland  
16 (2010 Replacement Volume and 2013 Supplement)

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

19 **Article – Tax – General**

20 **10–719.**

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

23 **(2) “CARBON DIOXIDE SYSTEM” MEANS PROPERTY THAT:**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (I) USES CARBON DIOXIDE AS A REFRIGERANT; AND

2 (II) PERFORMS THE FUNCTIONS OF HEATING, COOLING,  
3 AND PROVIDING HOT WATER TO A STRUCTURE.

4 (3) "COST" MEANS THE COST OF PURCHASING AND INSTALLING A  
5 RENEWABLE ENERGY SYSTEM, INCLUDING THE COST OF LABOR REQUIRED TO  
6 PREPARE, ASSEMBLE, OR INSTALL THE SYSTEM.

7 (4) "FUEL CELL SYSTEM" MEANS PROPERTY THAT:

8 (I) MEETS THE DEFINITION IN § 48(C)(1)(A) AND (C) OF  
9 THE INTERNAL REVENUE CODE; AND

10 (II) GENERATES ELECTRICITY FOR USE IN A STRUCTURE.

11 (5) "GEOTHERMAL HEAT PUMP SYSTEM" MEANS PROPERTY  
12 THAT:

13 (I) USES THE GROUND OR GROUND WATER AS A THERMAL  
14 ENERGY SOURCE TO HEAT A STRUCTURE OR AS A THERMAL ENERGY SINK TO  
15 COOL A STRUCTURE; AND

16 (II) MEETS THE REQUIREMENTS OF THE FEDERAL ENERGY  
17 STAR PROGRAM THAT ARE IN EFFECT AT THE TIME THAT THE PROPERTY IS  
18 PURCHASED.

19 (6) "RENEWABLE ENERGY SYSTEM" MEANS:

20 (I) A CARBON DIOXIDE SYSTEM;

21 (II) A FUEL CELL SYSTEM;

22 (III) A GEOTHERMAL HEAT PUMP SYSTEM;

23 (IV) A SOLAR ELECTRIC SYSTEM;

24 (V) A SOLAR WATER HEATING SYSTEM; OR

25 (VI) A WIND ENERGY SYSTEM.

26 (7) "SOLAR ELECTRIC SYSTEM" MEANS PROPERTY THAT USES  
27 SOLAR ENERGY TO GENERATE ELECTRICITY FOR USE IN A STRUCTURE.

1           **(8) “SOLAR WATER HEATING SYSTEM” MEANS PROPERTY THAT**  
2 **USES SOLAR ENERGY TO HEAT WATER FOR USE IN A STRUCTURE.**

3           **(9) “WIND ENERGY SYSTEM” MEANS PROPERTY THAT USES A**  
4 **WIND TURBINE TO GENERATE ELECTRICITY FOR USE IN A STRUCTURE.**

5           **(B) AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST**  
6 **THE STATE INCOME TAX AS PROVIDED IN THIS SECTION EQUAL TO 15% OF THE**  
7 **COST OF A RENEWABLE ENERGY SYSTEM PLACED IN SERVICE DURING THE**  
8 **TAXABLE YEAR.**

9           **(C) THE CREDIT MAY BE CLAIMED ONLY FOR A RENEWABLE ENERGY**  
10 **SYSTEM:**

11           **(1) INSTALLED ON PROPERTY LOCATED IN THE STATE; AND**

12           **(2) IN OPERATION BY DECEMBER 31 OF THE YEAR FOR WHICH**  
13 **THE CREDIT IS CLAIMED.**

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

20           **(2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN A TAXABLE**  
21 **YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, AN**  
22 **INDIVIDUAL OR A CORPORATION MAY APPLY THE EXCESS AS A CREDIT AGAINST**  
23 **THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE FULL**  
24 **AMOUNT OF THE EXCESS IS USED.**

25           **(E) THE COMPTROLLER SHALL ADOPT REGULATIONS TO CARRY OUT**  
26 **THE PROVISIONS OF THIS SECTION.**

27           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 July 1, 2014, and shall be applicable to all taxable years beginning after December 31,  
29 2013.