

SENATE BILL 957

Q3

8lr3005

By: **Senator Eckardt**

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credits – Poultry Houses – LED Lighting and Solar Panel Systems**

3 FOR the purpose of allowing a credit against the State income tax for an individual who
4 paid or incurred certain expenses to purchase and install certain lighting systems on
5 certain poultry houses; requiring the Maryland Energy Administration to administer
6 the tax credit; requiring the Administration to issue tax credit certificates not
7 exceeding certain amounts; requiring the Administration to approve applications for
8 tax credits in a certain manner; prohibiting the Administration from issuing more
9 than a certain amount of tax credit certificates during any fiscal year; requiring the
10 Administration to report certain information to the Comptroller under certain
11 circumstances; requiring the Comptroller, under certain circumstances, to transfer
12 certain funds to the General Fund; providing for the carryforward of the credit;
13 requiring the Administration, in consultation with the Comptroller, to adopt certain
14 regulations; defining certain terms; providing for the application and termination of
15 this Act; and generally relating to a State income tax credit for expenses related to
16 the purchase and installation of lighting systems on poultry houses.

17 BY adding to

18 Article – Tax – General

19 Section 10–746

20 Annotated Code of Maryland

21 (2016 Replacement Volume and 2017 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

23 That the Laws of Maryland read as follows:

24 **Article – Tax – General**

25 **10–746.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **(2) “ADMINISTRATION” MEANS THE MARYLAND ENERGY**
4 **ADMINISTRATION.**

5 **(3) “POULTRY HOUSE” MEANS A FACILITY THAT:**

6 **(I) IS LOCATED ON A POULTRY FARM IN THE STATE;**

7 **(II) IS USED TO RAISE DOMESTICATED BIRDS FOR THEIR MEAT**
8 **OR EGGS; AND**

9 **(III) WAS IN OPERATION ON OR BEFORE JUNE 30, 2018.**

10 **(4) “QUALIFIED EXPENSES” MEANS THE EXPENSES PAID OR**
11 **INCURRED BY AN INDIVIDUAL TO PURCHASE AND INSTALL AN LED LIGHTING AND**
12 **SOLAR PANEL SYSTEM ON A POULTRY HOUSE.**

13 **(B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL MAY**
14 **CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE AMOUNT STATED ON THE**
15 **TAX CREDIT CERTIFICATE ISSUED UNDER SUBSECTION (C) OF THIS SECTION FOR**
16 **QUALIFIED EXPENSES TO UPGRADE A POULTRY HOUSE.**

17 **(C) (1) ON APPLICATION BY A TAXPAYER, THE ADMINISTRATION SHALL**
18 **ISSUE A TAX CREDIT CERTIFICATE THAT MAY NOT EXCEED THE LESSER OF:**

19 **(I) THE QUALIFIED EXPENSES PAID OR INCURRED BY THE**
20 **INDIVIDUAL DURING THE TAXABLE YEAR; OR**

21 **(II) \$5,000 FOR EACH POULTRY HOUSE UPGRADED BY THE**
22 **INDIVIDUAL DURING THE TAXABLE YEAR.**

23 **(2) THE ADMINISTRATION SHALL APPROVE ALL APPLICATIONS THAT**
24 **QUALIFY FOR A TAX CREDIT CERTIFICATE:**

25 **(I) ON A FIRST-COME, FIRST-SERVED BASIS; AND**

26 **(II) IN A TIMELY MANNER.**

27 **(3) (I) WITHIN 15 DAYS AFTER THE END OF EACH CALENDAR**
28 **QUARTER, THE ADMINISTRATION SHALL NOTIFY THE COMPTROLLER AS TO EACH**
29 **TAX CREDIT CERTIFICATE ISSUED DURING THE QUARTER.**

1 **(II) ON NOTIFICATION THAT A TAX CREDIT CERTIFICATE HAS**
2 **BEEN ISSUED BY THE ADMINISTRATION, THE COMPTROLLER SHALL TRANSFER AN**
3 **AMOUNT EQUAL TO THE CREDIT AMOUNT STATED IN THE TAX CREDIT CERTIFICATE**
4 **FROM THE STRATEGIC ENERGY INVESTMENT FUND ESTABLISHED UNDER**
5 **§ 9-20B-05 OF THE STATE GOVERNMENT ARTICLE TO THE GENERAL FUND OF THE**
6 **STATE.**

7 **(III) THE ADMINISTRATION SHALL REDUCE THE AMOUNT OF**
8 **FUNDS AVAILABLE TO THE FOLLOWING PROGRAMS TO REFLECT THE TRANSFER**
9 **UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH:**

10 **1. THE COMMERCIAL AND INDUSTRIAL GRANT**
11 **PROGRAM;**

12 **2. THE KATHLEEN A. P. MATHIAS AGRICULTURE**
13 **ENERGY EFFICIENCY PROGRAM; AND**

14 **3. THE COMMERCIAL CLEAN ENERGY GRANT**
15 **PROGRAM.**

16 **(IV) THE ADMINISTRATION SHALL DETERMINE THE AMOUNT OF**
17 **THE REDUCTION TO EACH PROGRAM UNDER SUBPARAGRAPH (III) OF THIS**
18 **PARAGRAPH.**

19 **(4) FOR EACH FISCAL YEAR, THE ADMINISTRATION MAY NOT ISSUE**
20 **TAX CREDIT CERTIFICATES THAT IN THE AGGREGATE EXCEED THE AMOUNT OF**
21 **FUNDS APPROPRIATED IN THE STATE BUDGET FOR THE PROGRAMS DESCRIBED**
22 **UNDER PARAGRAPH (3)(III) OF THIS SUBSECTION.**

23 **(D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR**
24 **EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE INDIVIDUAL FOR THAT**
25 **TAXABLE YEAR, THE INDIVIDUAL MAY APPLY THE EXCESS AS A CREDIT FOR**
26 **SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:**

27 **(1) THE FULL AMOUNT OF THE EXCESS IS USED; OR**

28 **(2) THE EXPIRATION OF THE 5TH TAXABLE YEAR AFTER THE TAXABLE**
29 **YEAR IN WHICH THE QUALIFIED EXPENSES WERE INCURRED.**

30 **(E) ON OR BEFORE DECEMBER 31 EACH YEAR, THE ADMINISTRATION**
31 **SHALL REPORT TO THE COMPTROLLER ON THE TAX CREDIT CERTIFICATES ISSUED**
32 **UNDER THIS SECTION DURING THE PRIOR FISCAL YEAR.**

1 **(F) THE ADMINISTRATION, IN CONSULTATION WITH THE COMPTROLLER,**
2 **SHALL ADOPT REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS SECTION.**

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
4 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017, but
5 before January 1, 2023. It shall remain effective for a period of 5 years and, at the end of
6 June 30, 2023, this Act, with no further action required by the General Assembly, shall be
7 abrogated and of no further force and effect.