

HOUSE BILL 1250

Q3, M5

2lr2867

By: **Delegate Feldmark**

Introduced and read first time: February 11, 2022

Assigned to: Ways and Means and Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 13, 2022

CHAPTER _____

1 AN ACT concerning

2 ~~Maryland Solar Investment Tax Credit and~~ Task Force to Study Solar Energy
3 Incentives

4 FOR the purpose of ~~allowing a taxpayer to claim a credit against the State income tax for~~
5 ~~certain costs incurred to install certain solar energy property; requiring the~~
6 ~~Maryland Energy Administration to administer the credit; providing for the~~
7 ~~carryforward and transfer of the credit under certain circumstances; establishing the~~
8 Task Force to Study Solar Energy Incentives; and generally relating to ~~incentives for~~
9 ~~solar energy investments~~ the Task Force to Study Solar Energy Incentives.

10 ~~BY adding to~~
11 ~~Article Tax General~~
12 ~~Section 10-754~~
13 ~~Annotated Code of Maryland~~
14 ~~(2016 Replacement Volume and 2021 Supplement)~~

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

17 ~~Article Tax General~~
18 ~~10-754.~~

19 ~~(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS~~
20 ~~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.



~~(2) "ADMINISTRATION" MEANS THE MARYLAND ENERGY ADMINISTRATION.~~

~~(3) "ELIGIBLE SOLAR ENERGY PROPERTY" MEANS EQUIPMENT:~~

~~(I) THAT USES SOLAR ENERGY TO GENERATE ELECTRICITY;~~

~~(II) THAT SATISFIES THE DEFINITION OF "ENERGY PROPERTY" UNDER § 48 OF THE INTERNAL REVENUE CODE;~~

~~(III) THAT HAS A GENERATING CAPACITY NOT EXCEEDING 2 MEGAWATT HOURS OF ELECTRICITY AT A SINGLE SOLAR ENERGY GENERATING FACILITY; AND~~

~~(IV) THE CONSTRUCTION OF WHICH BEGAN ON OR AFTER JULY 1, 2022.~~

~~(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 IN THE AMOUNT STATED IN THE TAX CREDIT CERTIFICATE ISSUED BY THE ADMINISTRATION.~~

~~(C) (1) ON APPLICATION BY A TAXPAYER, THE ADMINISTRATION SHALL ISSUE A TAX CREDIT CERTIFICATE THAT EQUALS 15% OF THE TOTAL INSTALLED COSTS FOR THE ELIGIBLE SOLAR ENERGY PROPERTY IF THE TAXPAYER ATTESTS, IN WRITING, THAT ALL CONTRACTORS AND SUBCONTRACTORS FOR THE INSTALLATION OF THE ELIGIBLE SOLAR ENERGY PROPERTY:~~

~~(I) UNLESS THE PROJECT WAS COVERED BY A PROJECT LABOR AGREEMENT, PAID EACH TRADE NOT LESS THAN THE PREVAILING WAGE RATE DETERMINED BY THE COMMISSIONER OF LABOR AND INDUSTRY UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;~~

~~(II) PARTICIPATED IN AN APPRENTICESHIP PROGRAM REGISTERED WITH THE STATE FOR EACH TRADE EMPLOYED ON THE PROJECT;~~

~~(III) HAVE COMPLIED WITH FEDERAL AND STATE WAGE AND HOUR LAWS FOR THE PRECEDING 3 YEARS;~~

~~(IV) ESTABLISHED AND EXECUTED A PLAN FOR OUTREACH TO AND THE RECRUITMENT AND RETENTION OF RESIDENTS OF THE STATE TO PERFORM WORK ON THE PROJECT, INCLUDING RESIDENTS WHO ARE RETURNING CITIZENS, WOMEN, MINORITIES, AND VETERANS, AND THE PLAN HAD AN~~

~~ASPIRATIONAL GOAL OF 25% OF TOTAL WORK HOURS TO BE PERFORMED BY
RESIDENTS OF THE STATE, INCLUDING BY INDIVIDUALS IN ONE OR MORE OF THE
GROUPS DESCRIBED IN THIS ITEM;~~

~~(V) OFFERED HEALTHCARE AND RETIREMENT BENEFITS TO
THE EMPLOYEES WHO WORKED ON THE PROJECT; AND~~

~~(VI) MAINTAINED ALL APPROPRIATE LICENSE REQUIREMENTS
AND WERE IN GOOD STANDING WHILE WORKING ON THE PROJECT.~~

~~(2) IF THE ELIGIBLE SOLAR PROPERTY IS INSTALLED ON A ROOFTOP
OR PARKING FACILITY CANOPY, THE AMOUNT OF THE TAX CREDIT CERTIFICATE
ISSUED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE AN
ADDITIONAL 10% OF THE TOTAL INSTALLED COSTS FOR THE ELIGIBLE SOLAR
PROPERTY.~~

~~(D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR
EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, THE TAXPAYER MAY
APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING TAXABLE YEARS UNTIL THE
EARLIER OF:~~

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

~~(2) THE EXPIRATION OF THE TENTH TAXABLE YEAR AFTER THE
TAXABLE YEAR FOR WHICH THE CREDIT CERTIFICATE WAS ISSUED UNDER
SUBSECTION (C) OF THIS SECTION.~~

~~(E) (1) THE TAX CREDIT ALLOWED UNDER THIS SECTION MAY BE
ALLOCATED AMONG THE PARTNERS, MEMBERS, OR SHAREHOLDERS OF AN ENTITY
IN ANY MANNER AGREED TO BY THOSE PERSONS IN WRITING.~~

~~(2) IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE
ADMINISTRATION UNDER THIS SECTION, THE AMOUNT OF THE TAX CREDIT
ALLOWED BUT NOT USED MAY BE TRANSFERRED IN WHOLE OR IN PART TO ANY
INDIVIDUAL OR BUSINESS ENTITY.~~

~~(F) THE ADMINISTRATION, IN CONSULTATION WITH THE COMPTROLLER,
SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.~~

~~SECTION 2. AND BE IT FURTHER ENACTED, That:~~

(a) There is a Task Force to Study Solar Energy Incentives.

(b) The Task Force consists of the following members:

~~(1) one member of the Senate of Maryland, appointed by the President of the Senate;~~

~~(2) one member of the House of Delegates, appointed by the Speaker of the House;~~

(1) the Director of the Maryland Energy Administration, or the Director's designee;

~~(2)~~ (2) the Secretary of the Environment, or the Secretary's designee;

~~(3)~~ (3) the Secretary of Labor, or the Secretary's designee;

~~(4) the Director of the Maryland Energy Administration, or the Director's designee;~~

~~(5)~~ (4) one electrical worker, designated by the International Brotherhood of Electrical Workers;

~~(6)~~ (5) one construction laborer, designated by the Baltimore–Washington Laborers' District Council;

~~(7)~~ (6) one representative of the building and construction trade industry, designated by the Baltimore–DC Metro Building and Construction Trades Council;

~~(8)~~ (7) one representative of organized labor, designated by the Maryland State and District of Columbia AFL–CIO;

~~(9)~~ (8) one representative of the Chesapeake Climate Action Network, designated by the Chesapeake Climate Action Network;

~~(10)~~ (9) one representative of the Maryland Chapter of the Sierra Club, designated by the Maryland Chapter of the Sierra Club;

~~(11)~~ (10) two representatives of the Chesapeake Solar and Storage Association, designated by the Chesapeake Solar and Storage Association; ~~and~~

~~(12)~~ (11) two representatives of the Mid–Atlantic Renewable Energy Coalition, designated by the Mid–Atlantic Renewable Energy Coalition;

(12) one representative of the Climate Access Fund Corporation, designated by the Climate Access Fund Corporation;

(13) one representative of an investor–owned electricity company with customers in the State, designated by the investor–owned electric companies with customers in the State; and

(14) the following individuals designated by the Maryland Association of Counties:

(i) one county government representative of rural areas of the State;
and

(ii) one county government representative of urban areas of the State.

(c) ~~The members appointed under subsection (b)(1) and (2) of this section~~ Director of the Maryland Energy Administration shall ~~cochair~~ chair the Task Force.

(d) The Maryland Energy Administration shall provide staff for the Task Force.

(e) A member of the Task Force:

(1) may not receive compensation as a member of the Task Force; but

(2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(f) The Task Force shall:

(1) study:

(i) the impact of grant programs, tax credits and exemptions, solar renewable energy credits, and other financial incentives on the State's ability to meet the solar energy goals established in the State's renewable energy portfolio standard under § 7-703 of the Public Utilities Article;

(ii) how the solar alternative compliance fee under § 7-705 of the Public Utilities Article is calculated and its market relationship to the value of solar renewable energy credits; and

(iii) whether different levels or types of incentives should exist for different types of solar development, including customer-sited residential and nonresidential, aggregate net metered, community, and utility scale, based on cost variance and other factors; and

(2) make recommendations regarding measures and incentives needed to ensure;

(i) that the State meets the solar energy goals established in the State's renewable energy portfolio standard;

(ii) that solar development in the State creates good quality, family-sustaining jobs;

(iii) equitable access to renewable energy in the State; and

(iv) the efficient use of land in the State by maximizing the production of solar energy in the State on previously developed property, including rooftops, parking canopies, and brownfields sites.

(g) On or before December 1, ~~2025~~ 2023, the Task Force shall report its findings and recommendations to the Governor and, in accordance with § 2-1257 of the State Government Article, the General Assembly.

~~SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be applicable to all taxable years beginning after December 31, 2021, but before January 1, 2027.~~

~~SECTION 4. 2. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect June 1, 2024 2022. It shall remain effective for a period of 2 years and 1 month and, at the end of June 30, 2026 2024, Section 2 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.~~

~~SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in Section 4 of this Act, this Act shall take effect July 1, 2022. It shall remain effective for a period of 5 years and, at the end of June 30, 2027, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.~~

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.