

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

A BILL ENTITLED

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.

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.

21 (2) “ADMINISTRATION” MEANS THE MARYLAND ENERGY
22 ADMINISTRATION.

23 (3) “ELIGIBLE SOLAR ENERGY PROPERTY” MEANS EQUIPMENT:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

2 (II) THAT SATISFIES THE DEFINITION OF “ENERGY PROPERTY”
3 UNDER § 48 OF THE INTERNAL REVENUE CODE;

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

7 (IV) THE CONSTRUCTION OF WHICH BEGAN ON OR AFTER JULY
8 1, 2022.

9 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A TAXPAYER THAT
10 RECEIVES A TAX CREDIT CERTIFICATE MAY CLAIM A CREDIT AGAINST THE STATE
11 INCOME TAX IN THE AMOUNT STATED IN THE TAX CREDIT CERTIFICATE ISSUED BY
12 THE ADMINISTRATION.

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

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

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

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

26 (IV) ESTABLISHED AND EXECUTED A PLAN FOR OUTREACH TO
27 AND THE RECRUITMENT AND RETENTION OF RESIDENTS OF THE STATE TO
28 PERFORM WORK ON THE PROJECT, INCLUDING RESIDENTS WHO ARE RETURNING
29 CITIZENS, WOMEN, MINORITIES, AND VETERANS, AND THE PLAN HAD AN
30 ASPIRATIONAL GOAL OF 25% OF TOTAL WORK HOURS TO BE PERFORMED BY
31 RESIDENTS OF THE STATE, INCLUDING BY INDIVIDUALS IN ONE OR MORE OF THE
32 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;

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

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

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

(6) one electrical worker, designated by the International Brotherhood of Electrical Workers;

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

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

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

(10) one representative of the Chesapeake Climate Action Network, designated by the Chesapeake Climate Action Network;

(11) one representative of the Maryland Chapter of the Sierra Club, designated by the Maryland Chapter of the Sierra Club;

(12) two representatives of the Chesapeake Solar and Storage Association, designated by the Chesapeake Solar and Storage Association; and

(13) two representatives of the Mid–Atlantic Renewable Energy Coalition, designated by the Mid–Atlantic Renewable Energy Coalition.

(c) The members appointed under subsection (b)(1) and (2) of this section shall cochair 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, 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 of incentives should exist for different types of solar development based on cost variance; and

(2) make recommendations regarding measures needed to ensure that solar development in the State creates good quality, family-sustaining jobs.

(g) On or before December 1, 2025, 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. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect June 1, 2024. It shall remain effective for a period of 2 years and 1 month and, at the end of June 30, 2026, 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.