

SENATE BILL 865

Q7

0lr2336
CF HB 969

By: **Senator Edwards**

Introduced and read first time: February 3, 2020

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Public Service Company Franchise Tax – Credit for Purchase of**
3 **Maryland–Mined Coal – Extension**

4 FOR the purpose of allowing a certain credit against the public service company franchise
5 tax to be claimed for Maryland–mined coal purchased after a certain date;
6 authorizing State Department of Assessments and Taxation to approve a certain
7 amount of credits for certain calendar years; making a conforming change; and
8 generally relating to a credit against the public service company franchise tax.

9 BY repealing and reenacting, with amendments,
10 Article – Tax – General
11 Section 8–406(b)
12 Annotated Code of Maryland
13 (2016 Replacement Volume and 2019 Supplement)

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 8–406.

18 (b) (1) (i) Subject to the limitations of this subsection, a public service
19 company, including any multijurisdictional public service company, may claim a credit
20 against the public service company franchise tax in the amount of \$3 for each ton of
21 Maryland–mined coal that the public service company purchased in the calendar year.

22 (ii) The credit under this subsection may not be claimed for
23 Maryland–mined coal purchased in a calendar year beginning after December 31, [2020]
24 **2030.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2) (i) This paragraph applies only to credits claimed under this subsection for calendar years beginning on or after January 1, 2007.

(ii) The amount claimed as a credit under this subsection may not exceed the amount approved by the Department under this paragraph.

(iii) By January 15 of the calendar year following the end of the calendar year in which the Maryland–mined coal was purchased, a public service company, or a cogenerator or electricity supplier as defined in § 10–704.1 of this article, shall submit an application to the Department for approval of the credit allowed under this paragraph.

(iv) Subject to subparagraph (vi) of this paragraph, the total amount of credits approved by the Department under this paragraph for any calendar year may not exceed:

1. \$4,500,000 for a calendar year beginning after December 31, 2008, but before January 1, 2013;

2. \$6,000,000 for a calendar year beginning after December 31, 2012, but before January 1, 2015; or

3. \$3,000,000 for a calendar year beginning after December 31, 2014, but before January 1, **[2021] 2031**.

(v) Subject to subparagraph (vi) of this paragraph, if the total amount of credits applied for in any calendar year under this paragraph exceeds the maximum specified under subparagraph (iv) of this paragraph, the Department shall approve a credit under this paragraph for each applicant in an amount equal to the product of multiplying the credit applied for by the applicant times a fraction:

1. the numerator of which is the maximum specified under subparagraph (iv) of this paragraph; and

2. the denominator of which is the total of all credits applied for by all applicants under this paragraph for the calendar year.

(vi) 1. Of the total credits approved for any calendar year beginning after December 31, 2006, but before January 1, **[2021] 2031**, the Department shall reserve \$2,250,000 of the credits for purchases of Maryland–mined coal that will be used by a facility in Maryland.

2. If the total amount of credits applied for by all applicants for any calendar year for the purchase of Maryland–mined coal that will be used in Maryland exceeds \$2,250,000, the Department shall approve a credit under this paragraph for each applicant in an amount equal to the product of multiplying the credit applied for by the applicant times a fraction:

1 A. the numerator of which is \$2,250,000; and

2 B. the denominator of which is the total of all credits applied
3 for by all applicants under this paragraph for the calendar year for the purchase of
4 Maryland–mined coal that will be used in Maryland.

5 (vii) On or before February 15 of the calendar year following the end
6 of the calendar year in which the Maryland–mined coal was purchased, the Department
7 shall certify to each applicant claiming a credit the amount of the tax credits approved by
8 the Department for that applicant under this paragraph.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2020.