



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

MARYLAND ENERGY STORAGE INCOME TAX CREDIT (TAX YEAR 2020)

Notice of Availability (NOA)

Revised September, 2020

1. Program Overview

The Maryland Energy Administration (MEA) is pleased to announce the launch of the Tax Year 2020 Maryland Energy Storage Income Tax Credit Program (the “Program”). The statutorily-created Program is designed to encourage the deployment of energy storage systems in Maryland.¹

The Program is available to residential and commercial taxpayers who have installed an energy storage system on their residential or commercial property in Maryland during Tax Year 2020 (January 1 - December 31, 2020). Under the enabling statute, MEA may award a total of \$750,000 in tax credit certificates for a given tax year. Tax credit certificates will be awarded to eligible applicants on a **first come, first served basis** during Tax Year 2020.

The deadline for submitting an application for a Tax Year 2020 energy storage tax credit is **January 15, 2021 at 11:59 PM EST**. In addition, please note that MEA will not accept missing documents and/or information for applications on file for Tax Year 2020 after January 20, 2021 at 11:59 pm EST.²

MEA is initially reserving \$300,000 for residential taxpayers and \$450,000 for commercial taxpayers. If either of the reserved funding allocations become oversubscribed, eligible applicants will be placed onto a wait list as long as funding remains available in the other funding allocation. The reserved funding allocations will be removed on July 1, 2020, and tax credits will be assigned to eligible applicants on the waitlist in the order the eligible applications were received. Residential and commercial applicants placed onto the waitlist in Tax Year 2020 cannot be carried over to Tax Year 2021 or any other future tax year. To comply with the enabling statute, under no circumstances will more than \$750,000 in energy storage income tax credit certificates be awarded for a single Tax Year. Current law authorizes MEA to offer this program for Tax Years 2018, 2019, 2020, 2021, and 2022.

¹ State of Maryland, Tax- General Article, §10-719.

<http://mgaleg.maryland.gov/mgawebsite/Laws/StatuteText?article=gtg§ion=10-719&enactments=false>

² Deadlines are established to enable MEA to comply with the enabling statute that requires a report on the prior tax year be submitted to the Comptroller’s office by January 31 of each year.

For more information about the Maryland Energy Storage Income Tax Credit Program, please visit MEA’s [Program webpage](#).

Disclaimer - The Maryland Energy Administration is not a tax office and any/all program guidance should not be considered tax advice. If you have any questions about Maryland State Taxes, please contact the Comptroller of Maryland (<http://www.marylandtaxes.gov>) and/or a licensed tax professional.

2. Incentive

Energy storage tax credit certificates are calculated differently for systems installed on residential and commercial properties. A tax credit certificate is calculated as the **lower amount** of:

- 30 percent of the total installed costs of the energy storage system; or,
- \$5,000 for an energy storage system installed on a residential property; or,
- \$150,000 for an energy storage system installed on a commercial property.

A fact sheet containing example calculations can be found on MEAs [Program webpage](#).

3. Eligibility

Applicants

The Program is open to the following taxpayers that have **purchased** an energy storage system:

1. The owner of a commercial property who purchases and installs an energy storage system on the commercial property; or
2. The owner of a residential property who purchases and installs an energy storage system on the residential property.

The Program is open to the following taxpayers that have **leased** an energy storage system:

1. An individual or a corporation that owns or pays for the installation of an energy storage system that supplies electrical energy intended for use on the residential or commercial property on which the energy storage system is installed.

Please note thermal energy storage technologies are not eligible for leased systems. In addition, leased energy storage systems must be installed “Behind-the-Meter.”

“Commercial Property” means nonresidential property with a commercial, industrial, or government use as outlined in the definition for the [“Commercial Clean Energy Grant”](#) in

[COMAR 14.26.04.02 \(5\)](#) and includes multifamily properties.

“Residential Property” means property, including a single-family home and an individual unit of a multifamily property or mixed use facility that has the purpose of serving as a primary residence, as outlined in [COMAR 14.26.04.02\(18\)](#).

System Technology

An energy storage tax credit may be claimed for qualifying systems that store the following types of energy:

1. Electrical energy;
2. Mechanical energy;
3. Chemical energy (including electrochemical energy); and,
4. Thermal energy that was once electrical energy.

System Use

All energy storage systems must store energy for at least one of the following purposes:

1. For use as electrical energy at a later date; or,
2. In a process that offsets electricity use at peak times.

4. General Terms and Conditions

Applicants must certify under penalty of perjury to the best of their knowledge that the information provided in Application submissions and all of its attachments are complete, accurate, and true. Applicants must further certify they are authorized to submit the Application, and agree to the terms and conditions stated below:

1. The Maryland Energy Administration (MEA) may award up to \$750,000 of tax credit certificates for Tax Year 2020 on a **first come, first served basis** while funding is available.
2. Tax credit certificates are calculated as the **lower amount** of 30 percent of total installed costs of the energy storage system, up to \$5,000 for a residential property and up to \$150,000 for a commercial property.
3. MEA will **not** accept applications for Tax Year 2020 after **January 15, 2021 at 11:59 PM EST**.
4. MEA will **not** accept missing documents and/or information for tax credit applications on file for the Tax Year 2020 after **January 20, 2021 at 11:59 pm EST**.

5. Submission of an application does not guarantee the applicant will receive a tax credit certificate.
6. The total amount of tax credits available is limited. The incentive is structured as outlined above in Item 2 of the General Terms and Conditions of this announcement, and in the Maryland Energy Storage Income Tax Credit Program documents in accordance with the [Annotated Code of Maryland Article - Tax - General §10-719](#) and [Code of Maryland Regulations \(COMAR\) 14.26.07](#).
7. Energy storage systems must be installed at a residential or commercial property located within the State of Maryland.
8. The residential property where an energy storage system is installed must be the primary residence of the property owner. MEA will verify proof of primary residence via the [Maryland Department of Assessments and Taxation's \(SDAT\) online Real Property Data Search](#) tool.
9. MEA may require additional information proving identity, property ownership, and primary residency before issuing an energy storage tax credit certificate. Failure to submit these documents, if requested, in a timely manner may impact your success in being awarded an energy storage tax credit certificate.
10. If an applicant fails to provide all information and/or documentation MEA deems necessary to process and evaluate the application in a timely manner, MEA shall notify the applicant in writing (to include email) of the application's missing information and/or documentation.
11. MEA will allow the applicant to submit any missing information or documentation within 45 days of the date of the written correspondence (including email) notifying the applicant of the incomplete application, or by January 20, 2021, depending on whichever occurs first.
12. Any applicant that fails to provide missing information or documentation to MEA within 45 days, or by January 20, 2021, depending on which occurs first, shall have their application rejected. Applicants may reapply to the program for the Tax Year 2020 energy storage tax credit, if time allows.
13. It is in MEA's sole discretion to determine if an energy storage system is eligible for a residential or commercial tax credit.
14. Energy storage systems must be completed during Tax Year 2020 (January 1, 2020 - December 31, 2020). For an energy storage system to be considered "completed", the system must be fully installed and pass all necessary permit inspections. If an energy

storage system was installed in Tax Year 2019 (January 1, 2019 to December 31, 2019), but the final inspection approval was not received until Tax Year 2020, the energy storage system will be considered completed in Tax Year 2020, and is eligible for a tax credit in Tax Year 2020.

15. Tax credits issued in Tax Year 2020 may not be claimed for energy storage systems completed before January 1, 2020 or after December 31, 2020.
16. If the initial residential funding allocation of \$300,000 or the initial commercial funding allocation of \$450,000 is oversubscribed and funding remains in the other funding allocation, eligible applicants will be placed into a waitlist queue for Tax Year 2020 through July 1, 2020. On July 1, 2020, eligible tax credit applications will be processed in wait list order for any remaining Tax Year 2020 funds. Any applications remaining on the waitlist queue at the end of Tax Year 2020 cannot be carried over to Tax Year 2021, nor any other future tax year.
17. Energy storage systems must meet the requirements of all Federal, State, and local laws, regulations, ordinances, and all other legally-binding requirements, including applicable building codes as well as interconnection with the local electric utility and PJM Interconnection, if applicable.
18. Qualifying energy storage systems shall maintain certain safety criteria including:
 - A. Utilize equipment certified by a nationally recognized testing laboratory (NRTL) that is listed on the US Department of Labor's, Occupational Safety and Health Administration's NRTL Program;
 - B. Be installed by a licensed professional (e.g., a licensed electrician for electrical systems); and,
 - C. Be in compliance with all applicable building and fire codes.
19. Commercial taxpayers are limited to one energy storage tax credit certificate in Tax Year 2020.
20. Residential taxpayers are limited to one energy storage tax credit certificate, regardless of tax year.
21. Energy storage tax credit certificates are limited to one per property address, regardless of tax year.
22. Energy storage tax credits shall be applied to Maryland State Income Tax Liability.

23. Any unused amount of an energy storage tax credit may not be carried over to any other future tax year.
24. Energy storage tax credits are non-refundable.
25. Energy storage tax credits may not be claimed for mobile energy storage systems including, but not limited to, electric vehicles and recreational camping equipment.
26. Energy storage systems that receive grant funding from the Game Changer Grant Program, the Resiliency Hub Grant Program, or any other program offered by MEA are ineligible to receive a tax credit certificate from this Program.
27. Applicants and recipients shall allow MEA or its representative(s) direct access to energy storage systems for which the applicant is requesting or has received an energy storage tax credit for the purposes of verifying all claims and representations.
28. MEA or its representative(s) may use photos and video of my facility, and energy storage system data presented in my application, for marketing, publicity, and advertising purposes. MEA shall provide the applicant an opportunity to review, approve, and consult with MEA to assure that a written case study, photo or video taken of its facility will not disclose confidential personal and/or business information.
29. MEA and its representatives, subject to the requirements of the Maryland Public Information Act, and other applicable laws, will not divulge any confidential information or trade secrets.
30. MEA and its contractors make no representation or warranty and assume no liability with respect to quality, safety, performance, or other aspect of any design, system, or appliance installed pursuant to this application, and expressly disclaim any such representation, warranty, or liability.
31. Program Terms & Conditions are subject to change.

5. Application Submission

MEA may award up to \$750,000 in energy storage tax credits on a **first come, first served basis** while funding is available. MEA is currently reserving \$300,000 for residential taxpayers and \$450,000 for commercial taxpayers. If either of the reserved funding allocations become oversubscribed, eligible applicants will be placed onto a wait list as long as funding remains available in the other funding allocation. The funding area allocations by category will be removed on July 1, 2020 and tax credits will be assigned to eligible applicants on the waitlist in the order the eligible applications were received. Residential and commercial applicants placed onto a waitlist in Tax Year 2020 cannot be carried over to Tax Year 2021 or any other future tax

year. Under no circumstances will more than \$750,000 in energy storage tax credit certificates be awarded in a single Tax Year. Submitting an application to the Maryland Energy Storage Income Tax Credit Program does not guarantee that you will receive a Tax Credit Certificate.

Application

The Program utilizes an online application which can be found on the Maryland Energy Storage Income Tax Credit Program webpage. If an energy storage installation company is filling out the application on behalf of the property owner, please download, print, sign, and upload the Authorized Applicant Signature Form located in the online application and [Program webpage](#). The Authorized Applicant Signature Form must be signed by both the property owner and the energy storage installation company.

MEA will not accept applications for Tax Year 2020 after January 15, 2021 at 11:59 pm EST.

MEA will not accept missing documents and/or information for applications on file for Tax Year 2020 after January 20, 2021 at 11:59 pm EST.

The Energy Storage Tax Credit Program and supporting documents can be found at MEA's [Program webpage](#).

Paper Applications

Paper applications are available upon request. Please contact Samuel Beirne and Chidinma Emenike via email at energystorage.mea@maryland.gov or by phone 410-537-4000 to request a paper application. Paper applications will be delivered by first-class mail.

Confidentiality

If any information is deemed confidential, personally identifiable, or proprietary, please contact MEA at energystorage.mea@maryland.gov to identify another way of securely transferring this information.

6. Required Documents

The following supporting documents must be submitted with your application to the Maryland Energy Storage Income Tax Credit Program.

NOTE: Failure to properly submit required documents may result in your application being delayed in processing or rejected.

1. Proof of real property ownership, if applicable. MEA will review the real property records on the State Department of Assessment and Taxation (SDAT) online [Real](#)

[Property Data Search](#) tool to determine property ownership and, for residential applicants only, primary residency. If there is a discrepancy with the SDAT real property record, additional proof of your identity and/or real property ownership may need to be submitted prior to an application being deemed eligible.

2. Applicants whose properties are owned by a Trust must provide additional documents proving the applicant is in control of the Trust.
3. Applicants whose properties are zoned for agricultural use are asked to provide additional information and documentation which include a photograph(s) of the building/structure where the energy storage system is located and a description of how that building/structure is used for personal and/or commercial agricultural uses.
4. Itemized invoice(s) showing the energy storage system is paid in full (\$0.00-balance). The itemized invoice should include costs for the energy storage system equipment (i.e., battery system), electrical work/equipment (i.e., gateway), installation and labor, permitting, and Maryland sales tax, if applicable. Please ensure the costs associated with the energy storage system listed above are clearly separated from costs associated with a renewable energy system (i.e., solar photovoltaic), if applicable. If there is any discrepancy in the total installed costs of the energy storage system between the application and the zero balance itemized invoice, MEA will automatically defer to the costs included on the invoice and amend the application for the purposes of recalculating the tax credit certificate.
5. All required permit numbers (building, electrical, and occupancy) issued by the Authority Having Jurisdiction (AHJ) for your county or municipality, and proof of final inspection approval. Proof of final inspection includes online permit records or a photograph of the final inspection approval sticker issued by the inspection professional representing the AHJ. The final inspection approval sticker is typically located on the electrical panel.
6. Equipment certifications from a Nationally Recognized Testing Laboratory (NRTL) that is listed on the US Department of Labor’s Occupational Safety and Health Administration’s NRTL Program.
7. Equipment cut-sheets, specification sheets, or system brochure.
8. Photographs of the fully installed and commissioned energy storage system.
9. Any other applicable documentation verifying the energy system has been installed and is operational.

7. Claiming the Tax Credit Certificate

Generally, for taxable years beginning after December 31, 2012, taxpayers must file their Maryland income tax return electronically (Form 500 for Corporations, Form 510 and Form 510 Schedule K-1 for Pass-Through Entities, and Form 502 or 505 for Individuals) in order to claim a Business Income Tax Credit. They must complete the Business Tax Credit Form 500CR section of the electronic return and include a binary attachment or PDF of the certification received from the Maryland Energy Administration.

Please see the Comptroller's website, www.marylandtaxes.gov for additional information regarding filing procedures.

8. Questions

For questions, suggestions, or more information, please contact Samuel Beirne via email at energystorage.mea@maryland.gov or by phone 410-537-4000.

For questions regarding Maryland State Income Taxes, please contact the Comptroller of Maryland (<http://www.marylandtaxes.gov>) and/or a licensed tax professional.