



**Maryland**  
Energy  
Administration

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

## **Maryland Energy Storage Income Tax Credit Program for Tax Year 2021**

Notice of Availability (NOA)  
March 1, 2021

**Application Deadline: January 15, 2022 at 11:59 pm Eastern**

### **1. Program Overview**

The Maryland Energy Administration (MEA) is pleased to announce the launch of the Tax Year 2021 Maryland Energy Storage Income Tax Credit Program (the “Program”). The Program is designed to encourage the deployment of energy storage systems in Maryland.<sup>1</sup>

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 2021 (January 1 - December 31, 2021). 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 2021. Current law authorizes MEA to offer this program for Tax Years 2018, 2019, 2020, 2021, and 2022.

The deadline to apply for a Tax Year 2021 energy storage tax credit is **January 15, 2022 at 11:59 PM Eastern**. MEA will not accept missing documents or information for applications on file for Tax Year 2021 after January 20, 2022 at 11:59 pm Eastern.<sup>2</sup>

For questions, suggestions, or more information, please contact MEA at [energystorage.mea@maryland.gov](mailto:energystorage.mea@maryland.gov) or by phone at 410-537-4000.

*Disclaimer - The Maryland Energy Administration cannot provide 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.*

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<sup>1</sup> State of Maryland, Tax- General Article, §10-719.  
<http://mgaleg.maryland.gov/mgawebsite/Laws/StatuteText?article=gtg&section=10-719&enactments=false>

<sup>2</sup> 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.

## 2. Program 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\(18\)](#).

### **Eligible 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.<sup>3</sup>

### **Ineligible System Technology**

An energy storage tax credit may not be claimed for the types of energy storage systems listed below. It is within MEA’s sole discretion to determine if an energy storage system is eligible for a residential or commercial tax credit.

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<sup>3</sup> Please note that thermal energy storage technologies are not eligible to receive a tax credit certificate if the system is leased by the applicant.

1. Mobile energy storage systems, including but not limited, to electric vehicles and recreational camping equipment.
2. An electric hot water heater except for those participating in a demand response program.

### **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.

### **3. Energy Storage Incentive**

#### ***Tax Credit Calculations***

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.

#### ***Total Installed Costs***

To calculate the Total Installed Costs of the energy storage installation, MEA will take the sum of the line items listed below from your contract and invoicing documents. MEA will then subtract any discounts offered by the installation contractor from the Total Installed Costs before calculating the energy storage tax credit certificate. It is essential that your installation contractor provide a clear invoice articulating the costs of each component of the system.

1. Cost of the Energy Storage System (e.g., Home Battery System)
2. Cost of Electrical Work/Equipment (e.g., Electrical Gateway)
3. Cost of Installation and Labor
4. Cost of Required Permits (e.g., Building, Electrical, and Occupancy Use Permits)
5. Maryland Sales and Use Tax<sup>4</sup>

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<sup>4</sup> Please note that solar renewable energy system (equipment and property) is exempt from Maryland's sales and use tax and property tax as authorized by "Chapter 574 - Sales and Use and Property Tax – Exemptions – Solar Energy Equipment and Property;" however, energy storage system technologies are defined in "Chapter 573 -Income Tax Credit – Energy Storage Systems." Installation contractors should contact the Comptroller of Maryland with any questions regarding sales and use tax applied to energy storage systems.

#### 4. Reserved Tax Credit Allocations

MEA may award a total of \$750,000 in tax credit certificates for Tax Year 2021. MEA will initially follow the Reserved Tax Credit Allocation noted in Table 1.1 which reserves available tax credits for residential and commercial taxpayers who have either purchased or leased an energy storage system.

<b>Table 1.1 - Reserved Tax Credit Allocations</b>			
	<b>Purchased Systems</b>	<b>Leased Systems</b>	<b>Total</b>
<b>Residential Taxpayers</b>	\$300,000	N/A	\$300,000
<b>Commercial Taxpayers</b>	\$300,000	\$150,000	\$450,000
<b>Total</b>	\$600,000	\$150,000	<b>\$750,000</b>

If any of the Reserved Tax Credit Allocations become oversubscribed, applicants will be placed onto a wait list if tax credits remain available in the other Reserved Tax Credit Allocations. MEA will remove the Reserved Tax Credit Allocations on July 1, 2021 and tax credits will be issued on a first-come, first-served basis. Applicants that were placed onto the waitlist will be issued tax credit certificates in the order MEA received the applications. If the program utilizes the full \$750,000 of tax credit certificates for Tax Year 2021 before July 1, 2021, applicants placed onto the waitlist in Tax Year 2021 cannot be carried over to Tax Year 2022. Under no circumstances will more than \$750,000 in energy storage tax credit certificates be awarded for a single Tax Year.

#### 5. How to Apply and Application Deadlines

##### Electronic Application

The Program utilizes an online application portal called “Jotform,” which is available on the Program’s webpage. If an energy storage installation company is filling out the application on behalf of the property owner, a completed Authorized Applicant Signature Form is required as part of the application. The Authorized Applicant Signature Form is available on the Program’s webpage. Authorized Applicant Signature Form must be signed by both the property owner and a representative of the energy storage installation company.

##### Paper Application

Paper applications are available upon request. Please contact Samuel Beirne and/or Chidinma Emenike via email at [energystorage.mea@maryland.gov](mailto:energystorage.mea@maryland.gov) or by phone 410-537-4000 to request a paper application. The deadline to request a paper application is December 31, 2021 at 11:59 PM Eastern. Paper applications will be delivered by first-class mail.

## Application Deadline

MEA will not accept applications for Tax Year 2021 after January 15, 2022 at 11:59 pm Eastern. In addition, MEA will not accept missing documents and/or information for applications on file for Tax Year 2021 after January 20, 2022 at 11:59 pm Eastern.

## Confidentiality

If any information is deemed confidential or proprietary and you have concerns about transferring the information as described above, please contact MEA at [energystorage.mea@maryland.gov](mailto:energystorage.mea@maryland.gov) to identify another way to securely transfer this information. Confidential commercial information or proprietary information should be marked confidential.

## 6. Required Documents for the Application

The following supporting documents must be submitted with your application to the Program. Failure to properly submit the 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.
  - A. Applicants whose properties are owned by a Trust must provide additional documents proving the applicant is in control of the Trust.
  - B. 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 or commercial agricultural uses.
2. Itemized invoice(s) must show that 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 (e.g., solar photovoltaic), if applicable. If there is discrepancy between the itemized invoice and the application, MEA will defer to the invoice and amend the application for the purposes of recalculating the tax credit certificate.

3. 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.
4. 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.
5. Equipment cut-sheets, specification sheets, or system brochure.
6. Photographs of the fully installed and commissioned energy storage system.
7. 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](http://www.marylandtaxes.gov) for additional information regarding filing procedures.

## 8. General Terms and Conditions

Applicants must certify under penalty of perjury, to the best of their knowledge, the information provided in the Application submission and all the 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 2021 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 2021 after **January 15, 2022 at 11:59 PM Eastern**.
4. MEA will **not** accept missing documents or information for tax credit applications on file for the Tax Year 2021 after **January 20, 2022 at 11:59 pm Eastern**.
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 document, 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 applicants to submit personal information which provides proof of the applicant's identity, property ownership, and primary residence 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. Applicants have the right to inspect, amend, or correct personal records created by MEA containing such personal information. MEA, subject to the Maryland Public Information Act, does not share personal information with any other entity.
10. MEA and its representatives, subject to the Maryland Public Information Act, and other applicable laws, will not divulge confidential financial or commercial information or trade secrets. Applicants should identify information that contains trade secrets or confidential financial or commercial information
11. 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 (including email) of the application's missing information and/or documentation.

12. MEA will allow the applicant to submit any missing information or documentation within 45 calendar days of the date of the written correspondence (including email) notifying the applicant of the incomplete application, or by January 20, 2022, whichever occurs first.
13. Any applicant that fails to provide missing information or documentation to MEA within 45 calendar days, or by January 20, 2022, whichever occurs first, shall have their application rejected. Applicants may reapply to the program for the Tax Year 2021 energy storage tax credit if time allows and tax credits are still available.
14. It is within MEA’s sole discretion to determine if an energy storage system is eligible for a residential or commercial tax credit.
15. Energy storage system installations must be completed during Tax Year 2021 (January 1, 2021 - December 31, 2021). For an energy storage system to be considered “complete,” the system must be fully installed and pass all necessary permit inspections. If an energy storage system was installed in Tax Year 2020 (January 1, 2020 to December 31, 2020), but the final inspection approval was not received until Tax Year 2021, MEA will consider the energy storage system completed in Tax Year 2021, and the system will be eligible for a tax credit in Tax Year 2021.
16. Tax credits issued in Tax Year 2021 may not be claimed for energy storage systems completed before January 1, 2021 or after December 31, 2021.
17. If an initial Reserved Tax Credit Allocation is oversubscribed, but funding remains available in another Allocation, eligible applicants will be placed into a waitlist queue for Tax Year 2021. MEA will remove the Reserved Tax Credit Allocations on July 1, 2021. Applicants that were placed onto the waitlist will be issued tax credit certificates in the order MEA received the applications. If the program utilizes the full \$750,000 of tax credit certificates for TY 2021 before July 1, 2021, applicants placed onto the waitlist in Tax Year 2021 cannot be carried over to Tax Year 2022. Under no circumstances will more than \$750,000 in energy storage tax credit certificates be awarded for a single Tax Year.
18. 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.
19. 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.
20. Commercial taxpayers are limited to one energy storage tax credit certificate in Tax Year 2021.
21. Residential taxpayers are limited to one energy storage tax credit certificate, regardless of tax year.
22. Energy storage tax credit certificates are limited to one per property address, regardless of tax year.
23. Energy storage tax credits shall be applied to Maryland State Income Tax Liability.
24. Any unused amount of an energy storage tax credit may not be carried over to any other future tax year.
25. Energy storage tax credits are non-refundable.
26. Energy storage tax credits may not be claimed for the following types of energy storage systems:
- A. Mobile energy storage systems including, but not limited to, electric vehicles and recreational camping equipment.
  - B. An electric hot water heater, except for those participating in a demand response program.
27. Energy storage systems that receive grant funding from the Game Changers 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.
28. 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.
29. MEA or its representative(s) may use photos and video of an applicant’s facility, and energy storage system data provided in the application package, 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 or business information.

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.

## 9. Contact Information

If you have any questions regarding the Maryland Energy Storage Income Tax Credit Program, please feel free to contact MEAs energy storage team members listed below.

Samuel Beirne, Energy Program Manager  
Chidinma Emenike, Energy Specialist  
Maryland Energy Administration  
1800 Washington Blvd, Suite 755  
Baltimore, MD 21230  
410-537-4000  
[energystorage.mea@maryland.gov](mailto:energystorage.mea@maryland.gov)

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