

CHAPTER 162

(Senate Bill 265)

AN ACT concerning

Public Service Company Franchise Tax – Sale of Service or Product Used in the Generation of Electricity

FOR the purpose of altering the definition of “gross receipts” under the public service company franchise tax to exclude gross charges from certain sales of ~~a service or product~~ natural gas or natural gas delivery service that is used in the generation of electricity; and providing for the application of this Act.

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 8-401(b)(3)

Annotated Code of Maryland

(1988 Volume and 1993 Supplement)

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

Article – Tax – General

8-401.

(b) (3) “Gross receipts” does not include:

(i) any revenue that a public service company derives from an activity other than an electric, gas, oil pipeline, telegraph, or telephone business;

(ii) net uncollectible revenue; or

(iii) gross charges from the sale by a public service company TO ANOTHER PUBLIC SERVICE COMPANY SUBJECT TO THE TAX IMPOSED BY THIS SUBTITLE of:

1. a service or product for resale [to any other public service company subject to the tax imposed by this subtitle]; OR

~~2. A SERVICE OR PRODUCT THAT IS USED BY THE OTHER PUBLIC SERVICE COMPANY IN THE GENERATION OF ELECTRICITY.~~

2. NATURAL GAS OR NATURAL GAS DELIVERY SERVICE THAT IS USED BY THE OTHER PUBLIC SERVICE COMPANY IN THE GENERATION OF ELECTRICITY.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1994 and shall be applicable to all tax years beginning after December 31, 1993.