

(7) The appropriate treatment of self-generated electricity under the State and local tax structure, including the effect of self-generation on public service company franchise tax and local energy tax revenues and the effectiveness of the special use tax on electricity under this Act in preventing leakage from the public service company franchise tax from self-generated electricity; and

(8) The effect of the 50% personal property tax exemption on the competitiveness of Maryland-based electric generation.

SECTION 5-7. AND BE IT FURTHER ENACTED, That, except as provided in Sections 3 and 4 of this Act, this Act shall take effect July 1, 1999.

Approved April 8, 1999.

CHAPTER 6

(House Bill 366)

AN ACT concerning

Electric and Gas Utility Tax Reform

FOR the purpose of altering the public service company franchise tax for a public service company engaged in an electric or gas business in the State; altering the definition of gross receipts subject to the tax for a public service company engaged in an electric or gas business in the State; altering the definition of a public service company for purposes of the public service company franchise tax; imposing a tax on certain public service companies based on kilowatt hours of electricity or ~~dekatherms~~ therms of natural gas delivered; setting the rate of the tax; allowing a public service company to surcharge its customers for certain tax imposed; providing a credit against the public service company franchise tax in a certain amount for certain kilowatt hours of electricity delivered to certain customers for certain uses in excess of certain amounts; providing a credit against the tax for certain tax imposed for ~~dekatherms~~ therms of natural gas delivered to certain customers for certain uses ~~or delivered to certain customers who receive the natural gas on a certain basis~~; providing an addition modification under the corporate income tax in the amount of certain credits; repealing a certain subtraction modification under the income tax for gross receipts derived by a public service company; providing certain modifications under the income tax for the purposes of determining Maryland modified income of a public service company engaged in an electric or gas business in the State; providing a credit against the corporate income tax for certain property taxes paid on certain operating real property used to generate electricity for sale; providing a credit against the corporate income tax for certain wages paid by certain multijurisdictional electric companies at certain corporate or regional headquarters in the State; imposing a special use tax on certain electricity used in the State but not delivered by a public service company, to be administered by the Comptroller under the sales and use tax; requiring the Comptroller to adopt certain regulations; clarifying the definition of "production activity" under the