



Chapter 12

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State Tax Credits Promoting Local Coal Use

John A. Mairs

Jackson & Kelly PLLC

Charleston, West Virginia

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§ 12.01. Introduction.

Three eastern coal-producing states, Maryland, Ohio and Virginia, have historically provided tax incentives to companies engaged in the business of generating electric power at coal-fired electric generating stations to encourage the use of in-state coal. During 1999 and 2000, there have been legislative changes affecting each of these credits. In Maryland, the general assembly increased the amount of credit which could be claimed by certain Maryland utilities and also extended the credits, which were due to expire on June 30, 2001, in perpetuity. In Ohio, the general assembly lowered the barriers to qualifying for the credit, increased the amount of the credit, and also provided for the use of the credit against the Ohio income and franchise tax following deregulation of the Ohio electric power industry. In Virginia, the general assembly amended their credit so that it will remain available after deregulation of the Virginia electric power industry, and also eliminated a loophole in the credit which allowed Virginia public utilities to receive the credit for purchasing coal for resale.

In addition, during the 2000 legislative session, both Kentucky and West Virginia proposed new credits on increased use of in-state produced