

UNOFFICIAL COPY OF HOUSE BILL 778

HOUSE BILL 778

Q3

11r1883
CF 11r1884

By: **Delegate Brooks**

Introduced and read first time: January 29, 2021

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Healthy Indoor Air Quality Tax Credit**

3 FOR the purpose of allowing certain persons to claim a credit against the State income tax
4 for certain costs incurred during the taxable year to purchase and install certain
5 indoor air quality equipment in ~~a home or commercial building~~ certain residential or commercial
6 properties; requiring the
7 Comptroller, in consultation with the Maryland Energy Administration, to publish
8 on the Comptroller's website a list of approved indoor air quality equipment on or
9 before a certain date each year; requiring a person to obtain a certain eligibility
10 certificate from the Comptroller in order to claim the credit; prohibiting the
11 Comptroller from issuing eligibility certificates in a taxable year during which a
12 certain state of emergency is declared; authorizing a person who otherwise qualifies
13 for the credit to obtain an eligibility certificate in the taxable year immediately
14 following a taxable year during which a certain state of emergency is declared;
15 specifying the form and contents of the certificate; requiring a person to file the
16 certificate with the person's income tax return; providing that the tax credit may not
17 exceed a certain amount and that any unused credit may not be carried over to any
18 other taxable year; authorizing the Comptroller, in consultation with the
19 Administration, to adopt certain regulations; defining certain terms; providing for
20 the application of this Act; and generally relating to an income tax credit for costs
incurred to purchase and install indoor air quality equipment.

21 BY adding to

22 Article - Tax - General

23 Section 10-751

24 Annotated Code of Maryland

25 (2016 Replacement Volume and 2020 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

27 That the Laws of Maryland read as follows:

28 **Article - Tax - General**

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1 **10-751.**

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
3 INDICATED.

4 (2) "ADMINISTRATION" MEANS THE MARYLAND ENERGY
5 ADMINISTRATION.

6 (3) "INDOOR AIR QUALITY EQUIPMENT" MEANS EQUIPMENT IN A
7 HOME, RENTAL DWELLING UNIT, OR COMMERCIAL BUILDING THAT:

8 (I) IS INSTALLED ~~IN THE HOME OR COMMERCIAL BUILDING~~ BY
9 A LICENSED CONTRACTOR;

10 (II) IMPROVES INDOOR AIR QUALITY, INCLUDING ENHANCED
11 VENTILATION AND FILTRATION SYSTEMS, BIPOLAR IONIZATION TECHNOLOGIES, OR
12 ULTRAVIOLET LIGHTING; AND

13 (III) IS APPROVED BY THE COMPTROLLER UNDER THIS SECTION
14 AS INDOOR AIR QUALITY EQUIPMENT.

15 (4) "LICENSED CONTRACTOR" MEANS AN INDIVIDUAL LICENSED
16 UNDER TITLE 9A, SUBTITLE 3 OF THE BUSINESS REGULATION ARTICLE TO
17 PROVIDE HEATING, VENTILATION, AIR-CONDITIONING, AND REFRIGERATION
18 SERVICES IN THE STATE.

19 (5) "QUALIFIED EXPENSES" MEANS COSTS INCURRED BY ~~AN~~
20 ~~INDIVIDUAL HOMEOWNER OR A SMALL BUSINESS~~ A QUALIFIED TAXPAYER TO PURCHASE AND
21 INSTALL
22 INDOOR AIR QUALITY EQUIPMENT FOR USE:

23 (I) BY ~~THE INDIVIDUAL IN THE INDIVIDUAL'S HOME~~ AN INDIVIDUAL HOMEOWNER OR A
LESSEE OF A RENTAL DWELLING UNIT; OR

(II) BY ~~THE~~ A SMALL BUSINESS IN A COMMERCIAL BUILDING.

(6) "QUALIFIED TAXPAYER" MEANS:

(I) AN INDIVIDUAL HOMEOWNER;

(II) AN OWNER OF A RENTAL DWELLING UNIT; OR

(III) A SMALL BUSINESS.

**(7) "RENTAL DWELLING UNIT" MEANS A DWELLING UNIT IN A
MULTIFAMILY RESIDENTIAL BUILDING WITH FEWER THAN FIVE DWELLING UNITS.**

24 ~~(6)~~ **(8) "SMALL BUSINESS" MEANS AN INDIVIDUAL, A PARTNERSHIP, A
25 LIMITED PARTNERSHIP, A LIMITED LIABILITY PARTNERSHIP, A LIMITED LIABILITY
26 COMPANY, OR A CORPORATION THAT EMPLOYS 50 OR FEWER FULL-TIME
27 EMPLOYEES.**

28 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, ~~AN INDIVIDUAL OR A
29 SMALL BUSINESS~~ A QUALIFIED TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN
30 AN
AMOUNT EQUAL TO 50% OF THE QUALIFIED EXPENSES INCURRED DURING THE

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1 TAXABLE YEAR.

2 (c) (1) ON OR BEFORE SEPTEMBER 30, 2021, AND SEPTEMBER 30 EACH
 3 YEAR THEREAFTER, THE COMPTROLLER, IN CONSULTATION WITH THE
 4 ADMINISTRATION, SHALL PUBLISH ON THE COMPTROLLER'S WEBSITE A LIST OF
 5 APPROVED INDOOR AIR QUALITY EQUIPMENT BASED ON INDUSTRY GUIDELINES
 6 AND BEST PRACTICES.

7 (2) IN ORDER TO CLAIM THE CREDIT UNDER THIS SECTION, ~~AN~~
 8 ~~INDIVIDUAL OR A SMALL BUSINESS~~ A QUALIFIED TAXPAYER MUST OBTAIN FROM THE COMPTROLLER
 AN
 9 ELIGIBILITY CERTIFICATE.

10 (3) (i) THE COMPTROLLER MAY NOT ISSUE AN ELIGIBILITY
 11 CERTIFICATE IN A TAXABLE YEAR DURING WHICH A STATE OF EMERGENCY IS
 12 DECLARED BY THE GOVERNOR.

13 (ii) IF THE ISSUANCE OF ELIGIBILITY CERTIFICATES IS
 14 SUSPENDED DUE TO A STATE OF EMERGENCY UNDER THIS PARAGRAPH, ~~AN~~
 15 ~~INDIVIDUAL OR A SMALL BUSINESS~~ A QUALIFIED TAXPAYER THAT OTHERWISE QUALIFIES FOR THE
 CREDIT
 16 IN THAT TAXABLE YEAR MAY OBTAIN AN ELIGIBILITY CERTIFICATE FROM THE
 17 COMPTROLLER IN THE IMMEDIATELY FOLLOWING TAXABLE YEAR.

18 (4) THE ELIGIBILITY CERTIFICATE UNDER THIS SUBSECTION SHALL:

19 (i) CONSIST OF A CERTIFICATION BY THE COMPTROLLER THAT
 20 THE EQUIPMENT FOR WHICH THE ~~INDIVIDUAL~~ QUALIFIED TAXPAYER IS CLAIMING THE CREDIT:

21 1. IS APPROVED AS INDOOR AIR QUALITY EQUIPMENT BY
 22 THE COMPTROLLER UNDER PARAGRAPH (1) OF THIS SUBSECTION; AND

23 2. WAS INSTALLED BY A LICENSED CONTRACTOR; AND

24 (ii) BE IN THE FORM AND CONTAIN ANY OTHER INFORMATION
 25 THAT THE COMPTROLLER REQUIRES.

26 (5) THE ~~INDIVIDUAL OR SMALL BUSINESS~~ QUALIFIED TAXPAYER SHALL FILE THE
 27 ELIGIBILITY CERTIFICATE WITH THE ~~INDIVIDUAL'S OR SMALL BUSINESS'S~~ QUALIFIED TAXPAYER'S
 INCOME
 28 TAX RETURN.

29 (d) (1) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS
 30 SECTION MAY NOT EXCEED:

31 (i) FOR ~~AN INDIVIDUAL~~ A QUALIFIED TAXPAYER OTHER THAN A SMALL
BUSINESS, \$1,000; OR

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1 **(II) FOR A SMALL BUSINESS, \$2,000.**

2 **(2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE**
3 **YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, ANY UNUSED**
4 **AMOUNT OF THE CREDIT MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.**

5 **(E) THE COMPTROLLER, IN CONSULTATION WITH THE ADMINISTRATION,**
6 **MAY ADOPT REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SECTION.**

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
8 1, 2021, and shall be applicable to all taxable years beginning after December 31, 2020.