

# HOUSE BILL 778

Q3

1lr1883  
CF 1lr1884

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By: **Delegate Brooks**

Introduced and read first time: January 29, 2021

Assigned to: Ways and Means

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## 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; requiring the  
6 Comptroller, in consultation with the Maryland Energy Administration, to publish  
7 on the Comptroller’s website a list of approved indoor air quality equipment on or  
8 before a certain date each year; requiring a person to obtain a certain eligibility  
9 certificate from the Comptroller in order to claim the credit; prohibiting the  
10 Comptroller from issuing eligibility certificates in a taxable year during which a  
11 certain state of emergency is declared; authorizing a person who otherwise qualifies  
12 for the credit to obtain an eligibility certificate in the taxable year immediately  
13 following a taxable year during which a certain state of emergency is declared;  
14 specifying the form and contents of the certificate; requiring a person to file the  
15 certificate with the person’s income tax return; providing that the tax credit may not  
16 exceed a certain amount and that any unused credit may not be carried over to any  
17 other taxable year; authorizing the Comptroller, in consultation with the  
18 Administration, to adopt certain regulations; defining certain terms; providing for  
19 the application of this Act; and generally relating to an income tax credit for costs  
20 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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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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 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 TO PURCHASE AND INSTALL  
21 INDOOR AIR QUALITY EQUIPMENT FOR USE:

22 (I) BY THE INDIVIDUAL IN THE INDIVIDUAL'S HOME; OR

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

24 (6) "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 MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN  
30 AMOUNT EQUAL TO 50% OF THE QUALIFIED EXPENSES INCURRED DURING THE

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 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 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 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 SHALL FILE THE  
27 ELIGIBILITY CERTIFICATE WITH THE INDIVIDUAL'S OR SMALL BUSINESS'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, \$1,000; OR

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.