A BILL ENTITLED

AN ACT concerning

Income Tax – Healthy Indoor Air Quality Tax Credit

FOR the purpose of allowing certain persons to claim a credit against the State income tax for certain costs incurred during the taxable year to purchase and install certain indoor air quality equipment in certain residential or commercial properties; requiring the Comptroller, in consultation with the Maryland Energy Administration, to publish on the Comptroller’s website a list of approved indoor air quality equipment on or before a certain date each year; prohibiting the Comptroller from issuing eligibility certificates in a taxable year during which a certain state of emergency is declared; and generally relating to an income tax credit for costs incurred to purchase and install indoor air quality equipment.

BY adding to

Article – Tax – General

Section 10–754

Annotated Code of Maryland

(2016 Replacement Volume and 2021 Supplement)

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

Article – Tax – General

10–754.

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

(2) “ADMINISTRATION” MEANS THE MARYLAND ENERGY ADMINISTRATION.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [Brackets] indicate matter deleted from existing law.
ADMINISTRATION.

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

(I) IS INSTALLED BY A LICENSED CONTRACTOR;

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

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

(4) “LICENSED CONTRACTOR” MEANS AN INDIVIDUAL LICENSED UNDER TITLE 9A, SUBTITLE 3 OF THE BUSINESS REGULATION ARTICLE TO PROVIDE HEATING, VENTILATION, AIR–CONDITIONING, AND REFRIGERATION SERVICES IN THE STATE.

(5) “QUALIFIED EXPENSES” MEANS COSTS INCURRED BY A QUALIFIED TAXPAYER TO PURCHASE AND INSTALL INDOOR AIR QUALITY EQUIPMENT FOR USE:

(I) BY AN INDIVIDUAL HOMEOWNER OR A LESSEE OF A RENTAL DWELLING UNIT; OR

(II) BY 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.

(8) “SMALL BUSINESS” MEANS AN INDIVIDUAL, A PARTNERSHIP, A LIMITED PARTNERSHIP, A LIMITED LIABILITY PARTNERSHIP, A LIMITED LIABILITY COMPANY, OR A CORPORATION THAT EMPLOYS 50 OR FEWER FULL–TIME EMPLOYEES.
(B) Subject to the limitations of this section, a qualified taxpayer may claim a credit against the State income tax in an amount equal to 50% of the qualified expenses incurred during the taxable year.

(C) (1) On or before September 30, 2022, and September 30 each year thereafter, the Comptroller, in consultation with the Administration, shall publish on the Comptroller’s website a list of approved indoor air quality equipment based on industry guidelines and best practices.

(2) In order to claim the credit under this section, a qualified taxpayer must obtain from the Comptroller an eligibility certificate.

(3) (I) The Comptroller may not issue an eligibility certificate in a taxable year during which a state of emergency is declared by the Governor.

(II) If the issuance of eligibility certificates is suspended due to a state of emergency under this paragraph, a qualified taxpayer that otherwise qualifies for the credit in that taxable year may obtain an eligibility certificate from the Comptroller in the immediately following taxable year.

(4) The eligibility certificate under this subsection shall:

(I) consist of a certification by the Comptroller that the equipment for which the qualified taxpayer is claiming the credit:

1. is approved as indoor air quality equipment by the Comptroller under paragraph (1) of this subsection; and

2. was installed by a licensed contractor; and

(II) be in the form and contain any other information that the Comptroller requires.

(5) The qualified taxpayer shall file the eligibility certificate with the qualified taxpayer’s income tax return.

(D) (1) For any taxable year, the credit allowed under this
SECTION MAY NOT EXCEED:

(I) FOR A QUALIFIED TAXPAYER OTHER THAN A SMALL BUSINESS, $1,000; OR

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

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

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

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.