

# SENATE BILL 318

Q3  
SB 267/22 – B&T

3lr1148

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By: **Senators Brooks, West, Sydnor, and Kramer**  
Introduced and read first time: January 27, 2023  
Assigned to: Budget and Taxation

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

12 BY adding to  
13 Article – Tax – General  
14 Section 10–757  
15 Annotated Code of Maryland  
16 (2022 Replacement Volume)

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

19 **Article – Tax – General**

20 **10–757.**

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

23 **(2) “ADMINISTRATION” MEANS THE MARYLAND ENERGY**  
24 **ADMINISTRATION.**

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



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

3                   **(I) IS INSTALLED BY A LICENSED CONTRACTOR;**

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

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

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

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

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

18                   **(II) BY A SMALL BUSINESS IN A COMMERCIAL BUILDING.**

19           **(6) “QUALIFIED TAXPAYER” MEANS:**

20                   **(I) AN INDIVIDUAL HOMEOWNER;**

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

22                   **(III) A SMALL BUSINESS.**

23           **(7) “RENTAL DWELLING UNIT” MEANS A DWELLING UNIT IN A**  
24 **MULTIFAMILY RESIDENTIAL BUILDING WITH FEWER THAN FIVE DWELLING UNITS.**

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

1           **(B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A QUALIFIED**  
2 **TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT**  
3 **EQUAL TO 50% OF THE QUALIFIED EXPENSES INCURRED DURING THE TAXABLE**  
4 **YEAR.**

5           **(C) (1) ON OR BEFORE SEPTEMBER 30, 2023, AND SEPTEMBER 30 EACH**  
6 **YEAR THEREAFTER, THE COMPTROLLER, IN CONSULTATION WITH THE**  
7 **ADMINISTRATION, SHALL PUBLISH ON THE COMPTROLLER'S WEBSITE A LIST OF**  
8 **APPROVED INDOOR AIR QUALITY EQUIPMENT BASED ON INDUSTRY GUIDELINES**  
9 **AND BEST PRACTICES.**

10           **(2) IN ORDER TO CLAIM THE CREDIT UNDER THIS SECTION, A**  
11 **QUALIFIED TAXPAYER MUST OBTAIN FROM THE COMPTROLLER AN ELIGIBILITY**  
12 **CERTIFICATE.**

13           **(3) (I) THE COMPTROLLER MAY NOT ISSUE AN ELIGIBILITY**  
14 **CERTIFICATE IN A TAXABLE YEAR DURING WHICH A STATE OF EMERGENCY IS**  
15 **DECLARED BY THE GOVERNOR.**

16           **(II) IF THE ISSUANCE OF ELIGIBILITY CERTIFICATES IS**  
17 **SUSPENDED DUE TO A STATE OF EMERGENCY UNDER THIS PARAGRAPH, A**  
18 **QUALIFIED TAXPAYER THAT OTHERWISE QUALIFIES FOR THE CREDIT IN THAT**  
19 **TAXABLE YEAR MAY OBTAIN AN ELIGIBILITY CERTIFICATE FROM THE**  
20 **COMPTROLLER IN THE IMMEDIATELY FOLLOWING TAXABLE YEAR.**

21           **(4) THE ELIGIBILITY CERTIFICATE UNDER THIS SUBSECTION SHALL:**

22           **(I) CONSIST OF A CERTIFICATION BY THE COMPTROLLER THAT**  
23 **THE EQUIPMENT FOR WHICH THE QUALIFIED TAXPAYER IS CLAIMING THE CREDIT:**

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

26                   **2. WAS INSTALLED BY A LICENSED CONTRACTOR; AND**

27           **(II) BE IN THE FORM AND CONTAIN ANY OTHER INFORMATION**  
28 **THAT THE COMPTROLLER REQUIRES.**

29           **(5) THE QUALIFIED TAXPAYER SHALL FILE THE ELIGIBILITY**  
30 **CERTIFICATE WITH THE QUALIFIED TAXPAYER'S INCOME TAX RETURN.**

31           **(D) (1) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS**  
32 **SECTION MAY NOT EXCEED:**

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

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

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

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

9                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
10 1, 2023, and shall be applicable to all taxable years beginning after December 31, 2022.