

HOUSE BILL 87

Q3

6lr1271

(PRE-FILED)

By: **Delegate Vogel**

Requested: October 21, 2025

Introduced and read first time: January 14, 2026

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Energy Efficient Home Improvement Credit**

3 FOR the purpose of allowing a credit against the State income tax for certain costs paid or
4 incurred by an individual for certain energy efficient home improvements made to
5 the individual's residence during the taxable year, subject to certain limitations; and
6 generally relating to a credit against the State income tax for energy efficient home
7 improvements.

8 BY adding to

9 Article – Tax – General

10 Section 10–758

11 Annotated Code of Maryland

12 (2022 Replacement Volume and 2025 Supplement)

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

15 **Article – Tax – General**

16 **10–758.**

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

19 (2) “ENERGY EFFICIENT HOME IMPROVEMENT” MEANS:

20 (I) A HOME ENERGY AUDIT;

21 (II) A QUALIFIED ENERGY EFFICIENCY IMPROVEMENT; OR

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(III) A RESIDENTIAL ENERGY PROPERTY EXPENDITURE.

(3) “HOME ENERGY AUDIT”, “QUALIFIED ENERGY EFFICIENCY IMPROVEMENT”, AND “RESIDENTIAL ENERGY PROPERTY EXPENDITURE” HAVE THE MEANINGS STATED IN § 25C OF THE INTERNAL REVENUE CODE.

(B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR UP TO 30% OF THE COSTS PAID OR INCURRED BY THE INDIVIDUAL, NOT TO EXCEED \$3,200 IN THE AGGREGATE, FOR ENERGY EFFICIENT HOME IMPROVEMENTS MADE TO THE INDIVIDUAL’S RESIDENCE IN THE TAXABLE YEAR.

(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A CREDIT ALLOWED UNDER THIS SUBSECTION MAY NOT EXCEED:

1. \$150 FOR A HOME ENERGY AUDIT;

2. \$600 FOR A RESIDENTIAL ENERGY PROPERTY EXPENDITURE OTHER THAN AN EXPENDITURE DESCRIBED UNDER PARAGRAPH (3) OF THIS SUBSECTION;

3. \$600 TOTAL FOR EXTERIOR WINDOWS AND EXTERIOR SKYLIGHTS; OR

4. \$500 TOTAL FOR ALL EXTERIOR DOORS AT A RATE OF UP TO \$250 PER DOOR.

(II) THE AGGREGATE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION FOR ENERGY EFFICIENT HOME IMPROVEMENTS DESCRIBED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY NOT EXCEED \$1,200 FOR A TAXABLE YEAR.

(3) A CREDIT ALLOWED UNDER THIS SECTION FOR A RESIDENTIAL ENERGY PROPERTY EXPENDITURE MAY NOT EXCEED \$2,000 FOR A TAXABLE YEAR FOR THE PURCHASE OR INSTALLATION OF:

(I) A HEAT PUMP;

(II) A HEAT PUMP WATER HEATER; OR

(III) A BIOMASS STOVE OR BIOMASS BOILER.

1 **(C) (1) AN INDIVIDUAL MAY CLAIM A CREDIT UNDER THIS SECTION IF**
2 **THE ENERGY EFFICIENT HOME IMPROVEMENT:**

3 **(I) WAS MADE TO THE RESIDENCE OF THE TAXPAYER; AND**

4 **(II) WAS ORIGINALLY PLACED IN SERVICE BY THE TAXPAYER.**

5 **(2) (I) AN INDIVIDUAL MAY CLAIM AN EXPENDITURE ON AN**
6 **ENERGY EFFICIENT HOME IMPROVEMENT THAT WAS MADE TO MULTIPLE DWELLING**
7 **UNITS.**

8 **(II) THE AMOUNT OF CREDIT ALLOWABLE UNDER THIS SECTION**
9 **FOR AN ENERGY EFFICIENT HOME IMPROVEMENT THAT WAS MADE TO MULTIPLE**
10 **DWELLING UNITS SHALL BE COMPUTED SEPARATELY WITH RESPECT TO THE**
11 **AMOUNT OF THE EXPENDITURE FOR EACH DWELLING UNIT.**

12 **(3) IN THE CASE OF A DWELLING UNIT TO WHICH ENERGY EFFICIENT**
13 **HOME IMPROVEMENTS ARE MADE THAT IS JOINTLY OCCUPIED AND USED DURING**
14 **ANY CALENDAR YEAR AS A RESIDENCE BY TWO OR MORE INDIVIDUALS, THE**
15 **EXPENDITURES ALLOCATED TO AN INDIVIDUAL FOR THE TAXABLE YEAR SHALL BE**
16 **AN AMOUNT EQUAL TO THE LESSER OF:**

17 **(I) THE AMOUNT OF EXPENDITURES MADE BY THE INDIVIDUAL**
18 **TO THE DWELLING UNIT DURING THE CALENDAR YEAR; OR**

19 **(II) THE MAXIMUM AMOUNT OF EXPENDITURES MADE TO THE**
20 **DWELLING UNIT DURING THE CALENDAR YEAR MULTIPLIED BY A FRACTION:**

21 **1. THE NUMERATOR OF WHICH IS THE AMOUNT OF**
22 **EXPENDITURES WITH RESPECT TO THE DWELLING UNIT MADE BY THE INDIVIDUAL**
23 **DURING THE CALENDAR YEAR; AND**

24 **2. THE DENOMINATOR OF WHICH IS THE TOTAL**
25 **EXPENDITURES MADE BY ALL INDIVIDUALS WITH RESPECT TO THE DWELLING UNIT**
26 **DURING THE CALENDAR YEAR.**

27 **(4) AN INDIVIDUAL WHO IS A TENANT-STOCKHOLDER OF A**
28 **COOPERATIVE HOUSING CORPORATION SHALL BE TREATED AS HAVING MADE THE**
29 **INDIVIDUAL'S PROPORTIONATE SHARE OF ANY EXPENDITURES FOR AN ENERGY**
30 **EFFICIENT HOME IMPROVEMENT BY THE COOPERATIVE HOUSING CORPORATION.**

31 **(5) AN INDIVIDUAL WHO IS A MEMBER OF A CONDOMINIUM**
32 **MANAGEMENT ASSOCIATION, AS DEFINED UNDER § 25D(E)(6)(B) OF THE INTERNAL**

REVENUE CODE, SHALL BE TREATED AS HAVING MADE THE INDIVIDUAL'S PROPORTIONATE SHARE OF ANY EXPENDITURES FOR AN ENERGY EFFICIENT HOME IMPROVEMENT BY THE CONDOMINIUM MANAGEMENT ASSOCIATION WITH RESPECT TO THE CONDOMINIUM THAT THE INDIVIDUAL OWNS.

(6) IF LESS THAN 80% OF THE USE OF AN ENERGY EFFICIENT HOME IMPROVEMENT IS FOR NONBUSINESS PURPOSES, ONLY THE PORTION OF THE EXPENDITURE FOR THE IMPROVEMENT ALLOCABLE FOR NONBUSINESS PURPOSES MAY BE CONSIDERED.

(7) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN EXPENDITURE FOR AN ENERGY EFFICIENT HOME IMPROVEMENT SHALL BE TREATED AS BEING MADE WHEN THE ORIGINAL INSTALLATION OF THE IMPROVEMENT IS COMPLETED.

(II) FOR AN ENERGY EFFICIENT HOME IMPROVEMENT MADE IN CONNECTION WITH CONSTRUCTION OR RECONSTRUCTION OF A RESIDENCE, THE EXPENDITURE SHALL BE TREATED AS BEING MADE WHEN THE ORIGINAL USE OF THE RESIDENCE BY THE TAXPAYER BEGINS.

(D) (1) IN THIS SUBSECTION, "SUBSIDIZED ENERGY FINANCING" MEANS FINANCING PROVIDED UNDER A FEDERAL, STATE, OR LOCAL PROGRAM, A PRINCIPAL PURPOSE OF WHICH IS TO PROVIDE SUBSIDIZED FINANCING FOR PROJECTS DESIGNED TO CONSERVE OR PRODUCE ENERGY.

(2) AN INDIVIDUAL MAY NOT RECEIVE A CREDIT UNDER THIS SECTION FOR AN ENERGY EFFICIENT HOME IMPROVEMENT THAT WAS PURCHASED WITH SUBSIDIZED ENERGY FINANCING.

(E) AN INDIVIDUAL SHALL PROVIDE ANY DOCUMENTS OR INFORMATION REQUIRED BY THE COMPTROLLER TO RECEIVE A CREDIT ALLOWED UNDER THIS SECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.