

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.

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

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

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

1. \$150 FOR A HOME ENERGY AUDIT;

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

27 (I) A HEAT PUMP;

28 (II) A HEAT PUMP WATER HEATER; OR

29 (III) A BIOMASS STOVE OR BIOMASS BOILER.

(C) (1) AN INDIVIDUAL MAY CLAIM A CREDIT UNDER THIS SECTION IF
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.

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:

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

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

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

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

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

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

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

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.