

sb738.pdf

Uploaded by: Graves, Kenny

Position: FAV



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5050 FORBES BLVD.
LANHAM MD 20706

(240) 260-0460
FAX (301) 577-1525

February 19, 2021

Maryland Senate
Budget and Taxation Committee
Chair : Guy J. Guzzone
Vice-Chair : James C. Rosapepe

FAVORABLE

SB 738 - Income Tax – Mechanical Insulation Installation Tax Credit

TBN Associates, Inc
Kenneth Graves, President
kgraves@tbnta.com

Chairman Guzzone, Vice-Chair Rosapepe and members of the committee:

My name is Kenneth Graves; I am president of TBN Associates, Inc. We are a Maryland contractor based in Lanham, MD; we employ over 100 working men and women in the insulation industry. I am writing to you in SUPPORT of SB738.

Greenhouse gases trap heat and make the planet warmer. Human activities are responsible for almost all the increase in greenhouse gases in the atmosphere over the last 150 years. The largest source of greenhouse gas emissions from human activities in the United States is from burning fossil fuels for electricity, heat, and transportation.

According to the Department of Energy's buildings energy data book, U.S. buildings account for 39% of primary energy consumption and 72% of all electricity consumed domestically. Buildings accounted for more energy use than the entire U.S. transportation sector in 2006 and produced more greenhouse gases than any other country in the world except China.

Building emissions, as typically measured, are a combination of two things. First is day-to-day energy use—known as the “operational carbon emissions” that comes from powering lighting, heating, and cooling. Second is the amount of carbon generated through manufacturing building materials, transporting materials to construction sites, and the actual construction process—what is known as the “embodied carbon of a building”.

An energy efficient building could be a brand-new structure or an existing one retrofitted with new or upgraded mechanical insulation. In the United States about 95 percent of all

buildings are more than a decade old and 82 percent of all commercial buildings were built before 2000. Meanwhile, about half of the floor space of all buildings in the U.S. is heated by burning fossil fuels onsite.

Approximately two-thirds of the building area that exists today will still exist in 2050. Currently, building renovations affect only 0.5-1% of the building stock annually. A significant increase in the rate of existing building energy efficiency by repairing, placing, and upgrading mechanical insulation is a no brainer. Mechanical Insulation, when 100% complete, reduces energy costs, energy usage and reduces green-house gas emissions.

Reducing a building's carbon footprint reduces its running costs, improves employee morale, raises property values, and improves LEED scores. Buildings become environmentally responsible, profitable, and healthier places to live and work. I ask the committee votes FAVORABLY on SB738.

Sincerely and Respectfully submitted,



Kenneth Graves
President
TBN Associates, Inc

LMCTSB738.pdf

Uploaded by: Ielmini, Pete

Position: FAV

My name is Pete Ielmini, and I am the Executive Director of the Insulators Labor Management Cooperative Trust (LMCT), Lanham, MD. After completing an Engineering Degree, I have immersed myself in numerous positions in the mechanical insulation industry. I am excited to offer testimony in support of the Maryland Tax Incentive Bill SB0738

The Maryland tax incentive bill would be a huge step to increase work opportunities for Maryland and all the same time reducing harmful air pollutants. Mechanical insulation increases energy efficiency, reducing operating cost and lowers the carbon footprint. There is no doubt that energy technology will lead us to a path of alternative fuel sources, but we must be realistic and reasonable with the timeline of expectations. Dependency of fossil fuel will still be part of energy use in commerce and transportation but having it utilized efficiently is smart energy stewardship. Mechanical insulation is used in all buildings and incentives are needed to raise awareness of this ignored and misunderstood engineered science of the mechanical insulation industry. Ignorance about insulation and awareness of its benefits is unfortunately all too common. Please do not assume that building codes and other regulations automatically incorporate proper and monitoring mechanical insulation specifications because it does not. This incentive tax bill will offer awareness that will motivate building owners and they will quickly realize the benefits well beyond the tax credit with an increase of business and lowering their carbon footprint. This will ultimately result with more careers for the people of Maryland. Good paying and high skill careers were used as opposed to jobs. "Jobs" is a term that is overused and usually results in temporary employment. The application of mechanical insulation will require training and experience, usually through a US DOL Registered Apprenticeship Programs to develop lifelong careers.

There are approximately 2500 mechanical insulators and a multitude of businesses that are associated with mechanical insulation in Maryland. This tax incentive bill if passed will increase those opportunities while the state would increase state revenue by the increased commerce. More work opportunities result with more businesses that results with an enlarged Maryland's social-economic landscape. Generating careers, conserving energy, increase business activity and reducing air pollutants all benefit Maryland, a good return of investment. A win for all.

The state of Montana conducted a statewide survey of just their schools and hospitals, addressing the how the lack of insulated impacted the state's operational costs. It was determined that investing with a strategic mechanical insulation plan was needed. This and other studies have been concluded with the same realizations of attention to Mechanical Insulation: [Mechanical Insulation Energy Audits](#). Mechanical Insulation Energy Audits offer the scientific engineered data that demonstrate the jaw dropping energy savings and the value return on investments that mechanical insulation offers.

Thank you for allowing me to share my thoughts and recommendation for this particularly important incentive. Please feel free to contact me if more information is needed.

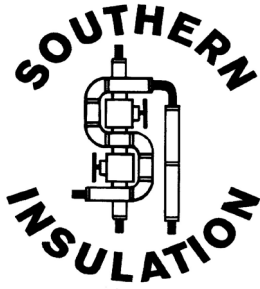
Thank you.

Pete Ielmini
Executive Director
Insulators LMCT

Southern Insulation Talking Points.pdf

Uploaded by: Miller, Craig

Position: FAV



SOUTHERN INSULATION, INC.
5218-20 MONROE PLACE
HYATTSVILLE, MARYLAND 20781
PHONE: (301) 985-3050
FAX: (301) 985-3029
WWW.SOUTHERNINSULATION.COM

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Date Feb 19, 2021

**FAVORABLE:
SB 738 -Income Tax – Mechanical Insulation Tax Credit
Talking Points - Notes**

Talking Points

- Patching or replacing mechanical insulation is not as important or sexy to a building owner as new aesthetics or another non-cost-effective but attractive element might be. Therefore, the need to incentivize owners to take action for this type of work becomes apparent.
- This BILL can help JOB CREATION for our local workforce and SMALL BUSINESSES while saving energy, cutting greenhouse gases, and introducing more recycled materials into our world.
- Workers can learn in the field, go through apprenticeship to become a journeyman making over \$70,000 per year, plus family insurance and a path to retirement.
- This is good for both private and public sectors as well. Savings of 30-70% on the energy costs are immediate and are reoccurring for many years.
- Economic benefits of replacing insulation systems can be found for nearly all structures; Schools, Hospitals, Universities, office buildings, municipal buildings, facilities, manufacturers, apartment complexes, etc.. This has an immediate return on the investment.
- Large facilities, like Hospitals, use an average of \$2.15/SF annually for energy or \$2.15-million/yr. If only making the system 10% more energy efficient, new mechanical packages could save \$215,000 each year. This is certainly worth considering.
- Cost savings outweighs the overall costs and then continues to keep your energy cost low for many years with proper maintenance.
- Less energy usage = Less energy consumption = less greenhouse gas/other emissions by the U.S.
- Efficient systems increase the longevity of the units improving lifecycle costs of systems.
- This tax credit helps owners recoup 30% of the upfront out of pocket costs, that otherwise would be only recognized through energy savings alone. This selling point encourages owners to take the step towards reducing their energy consumption, which will save on energy bills for many years, Nearly every business or building owner can benefit from this BILL and the TAX Incentives it provides.

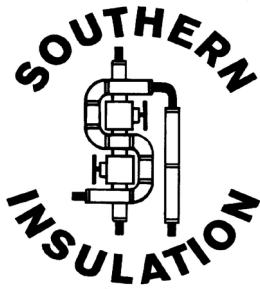
- **Have your bldg. inspected by a certified insulation professional (NIA), minor damage or missing insulation can have huge efficiency losses. All of the data can be validated via National Insulation Association publications.**
- **The work creates jobs, incentivizes the owner immediately, and helps the state, the country, and the world. This BILL is a WIN-WIN**

Craig Miller
Director of Business Development
Southern Insulation, Inc

SOUTHERN Letter - Senate Budget and taxation Commi

Uploaded by: Miller, Craig

Position: FAV



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5218-20 MONROE PLACE
HYATTSVILLE, MARYLAND 20781
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Date Feb 19, 2021

**FAVORABLE:
SB 738 -Income Tax – Mechanical Installation Tax Credit**

Chairman Guy Guzone, Vice Chair Rosapepe and members of the committee. My name is Craig Miller; I am the Director of Business Development for Southern Insulation, Inc, a Maryland based contractor located in Hyattsville, MD. We have served the state of Maryland performing mechanical insulation for 50-years and employ over 90 men and women in the insulation industry. I am writing to you in SUPPORT of SB738.

Maryland needs industries that provide paths to financial success for its working class. Insulators learn with on-the-job training and apprenticeship programs, average \$70,000 per year plus health and pension benefits. Most of our employees live in Maryland. All are encouraged to vote. Revitalizing mechanical insulation systems in buildings provides more opportunity to increase the number of workers while also protecting the environment.

We have all been affected by the impacts of global warming to the environment and our ecological systems. In 2018 greenhouse gases and fossil fuel emissions for energy accounts for 75% of the total anthropogenic GHG emissions 93% anthropogenic CO2 emissions in the United States. The U.S. is second only to China in greenhouse gas emissions. Of these emissions, nearly 40% of our primary energy consumption and 72% of all electricity consumed domestically is due to building operations. Approximately half of all building structures are heated by fossil fuels in the United States. Many of these buildings are aging with utility and primary systems becoming less efficient each year. In fact, a resounding example can be seen in city of Baltimore. These buildings are the oldest school buildings in the state, with an average age of 42 years old, or 12 years older than the average age of school buildings in Maryland, which is 30 years. Most of these buildings will likely be here for quite some time into the future.

There is hope. Nearly all of our building structures can be made more energy efficient regardless of age, if repaired and new mechanical insulation used that comply with current energy savings calculations. The industry has seen drastic energy savings occur from 30-70% reduction upon upgrading the mechanical insulation systems thicknesses. Most of these upgrades can often be offset by the energy savings within the first year and a half after the service is completed. More municipalities, corporations, building and business owners would be inclined to help reduce their carbon footprint if they had incentive to help offset the cost burden.

It is extremely encouraging to see legislation being raised that provides true incentives to take a leap towards reducing the carbon footprint through energy savings in respect to repairing, replacing, or renovating the mechanical insulation systems that are sorely necessary across our state.

We have been a part of seeing the energy savings in our industry and so many times have been asked to what benefit will I see a change. Until now, we had little to offer other than eventual savings, with no positive tax offerings. We believe that SB 738 is an excellent start for this state to help resolve cost issues associated with building improvements and will open the door towards meeting the environmental goals necessary across the globe. In this message, we ask that all of the committee vote in favor of SB738.

Sincerely and Respectfully,

Craig Miller
Director of Business Development
Southern Insulation, Inc

SB0738 (HB0982).pdf

Uploaded by: Fahrig, Landon

Position: INFO



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

TO: Members, Senate Budget & Taxation Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: SB0738 (HB0982) - Income Tax - Mechanical Insulation Installation Tax Credit
DATE: February 24, 2021

MEA POSITION: Letter of Information

MEA will incur administrative burdens as a result of this bill. These burdens are not unworkable, but they would require additional staff.

Energy efficiency measures are quite popular, and insulation is a cost-effective energy efficiency measure. Therefore, MEA would anticipate a large number of applications each year. Additionally, the commercial and industrial mechanical insulation tax credit would be a permanent program administered within MEA.

For these reasons, MEA has estimated that program administration would require at least one Energy Specialist (FKA a Grants Administrator) to adopt the workload associated with HB 60. It may be necessary that MEA employ a full time Program Manager having more substantial experience with, and more intimate knowledge of, the various certifications used to determine eligibility for the proposed tax credit. This expertise would come at a marginally greater expense in comparison to an Energy Specialist.

Lastly, MEA generally supports the policy of promoting energy efficiency. However, MEA has not examined the exclusion of residential properties from the legislation, nor the minimum threshold and maximum benefit limitations and therefore does not comment on the appropriateness of these specific policies.