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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**HB 982 — Income Tax – Mechanical Insulation Installation Tax Credit  
February 25, 2021**

**SUPPORT**

MADAM CHAIR, MR. VICE CHAIR, MEMBERS OF THE WAYS AND MEANS COMMITTEE, I AM HERE TO ASK YOUR FAVORABLE CONSIDERATION OF HB 982. THE BILL CREATES AN INCOME TAX CREDIT FOR COMMERCIAL OR INDUSTRIAL PROPERTIES THAT INSULATE HVAC PIPING AND EQUIPMENT TO LOWER GREENHOUSE GAS EMISSIONS AND REDUCE THEIR CARBON FOOTPRINT.

**THE PROBLEM:**

LACK OF ADEQUATE INSULATION IN BUILDINGS CAUSES TREMENDOUS ENERGY AND ECONOMIC LOSSES IN THE FORM OF UNNECESSARILY HIGH HEATING AND COOLING BILLS.

THERE IS A SIMPLE AND COST EFFECTIVE SOLUTION: THE USE OF INSULATION AROUND PIPING AND HVAC EQUIPMENT TO PREVENT AIR FROM ENTERING OR ESCAPING A BUILDING.

**WHAT THE BILL DOES:**

HB 982 ENCOURAGES BUSINESSES, SCHOOLS AND OTHER ENTITIES TO INSTALL MECHANICAL INSULATION BY CREATING STATE INCOME TAX CREDITS FOR QUALIFIED EXPENSES.

THE TAX CREDIT APPLIES TO MATERIALS, FACINGS, AND ACCESSORY PRODUCTS USED TO REGULATE THE TEMPERATURE OF MECHANICAL PIPING AND EQUIPMENT, HOT AND COLD APPLICATIONS, AND HEATING, VENTILATION, AND AIR-CONDITIONING EQUIPMENT. IT WOULD BE APPLICABLE TO REPAIR, REPLACEMENT AND UPGRADING OF EXISTING SYSTEMS. TO QUALIFY, A BUSINESS MUST INVEST A MINIMUM OF \$10,000 IN MECHANICAL INSULATION INSTALLATION, REPAIR OR UPGRADES.

THE BILL REQUIRES THE MARYLAND ENERGY ADMINISTRATION TO ADOPT GUIDELINES FOR ISSUING THE TAX CREDITS ON A FIRST-COME, FIRST-SERVED BASIS. THE TAX CREDIT CANNOT EXCEED 30 PERCENT OF THE TOTAL COST OF THE BUSINESS OR OTHER ENTITY'S INVESTMENT.

**WIN-WIN-WIN:** MADAM CHAIR, THIS BILL IS A WIN ALL THE WAY AROUND, FOR INSTALLERS OF MECHANICAL INSULATION, CUSTOMERS, AND THE ENVIRONMENT. INSULATION SIGNIFICANTLY REDUCES ENERGY EMISSIONS AND LOWERS ENERGY BILLS. AN INSULATION TAX CREDIT WOULD INCENTIVIZE THE USE OF MECHANICAL INSULATION WHILE HELPING MARYLAND TOWARD ITS

AMBITIOUS GOALS OF REDUCING ITS CARBON FOOTPRINT AND REVERSING  
GLOBAL WARMING.

THANK YOU AND I URGE A FAVORABLE REPORT ON HB 982.

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