



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 314 Income Tax - Mechanical Insulation Installation Tax Credit (Rosapepe)

STATEMENT OF INFORMATION

DATE: March 30, 2022

COMMITTEE: House Ways & Means

SUMMARY OF BILL: SB 314, as amended, creates a nonrefundable income tax credit for up to 30% of the allowable costs incurred to install mechanical insulation on a commercial or industrial building. The credit is administered by the Maryland Energy Administration with a maximum of \$1 million in tax certificates. The bill sunsets on June 30, 2027.

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the \$1 million annual loss in General Fund revenues through the June 30, 2027.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Further, economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability.

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