



# Maryland

DEPARTMENT OF BUDGET  
AND MANAGEMENT

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## **HOUSE BILL 405 Income Tax - Mechanical Insulation Installation Tax Credit (Lehman)**

### **STATEMENT OF INFORMATION**

**DATE: February 9, 2022**

**COMMITTEE: House Ways & Means**

**SUMMARY OF BILL:** HB 405 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 \$5 million in tax certificates.

**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 \$5 million annual loss in General Fund revenues.

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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