



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HOUSE BILL 405
MECHANICAL INSULATION INSTALLATION TAX CREDIT

February 9, 2022

SUPPORT

Madam Chair, Mr. Vice Chair and Members of the Ways and Means Committee,

I am asking your favorable report for HB 405, a bill creating a claimable income tax credit for taxpayers who incur qualified expenses regarding the installation of mechanical insulation.

This bill would allow taxpayers to apply for an income tax credit if they have made a capital investment of over \$10,000 towards mechanical insulation on a first come first serve basis, distributing at most \$5,000,000 per year in tax credits.

Mechanical Insulation increases energy efficiency by reducing lost heating or cooling through HVAC systems. Incentivising the practice of installation serves three purposes:

1. It provides efficiency and longevity in the HVAC systems of commercial and industrial buildings, which in turn cuts business costs in the long term by reducing both energy costs and wear and tear.
2. It creates incentives that will strengthen the mechanical insulation industry in Maryland, providing better opportunities for Maryland workers
3. It creates good sustainability practices by reducing the energy consumption required to properly cool and heat buildings, and also reduces the emissions HVAC systems produce by increasing their efficiency.

Ultimately, this bill is needed in order to improve building standards and good economic practices within our state, as well as provide for better sustainability by increasing energy efficiency.

As you will hear from experts and constituent businesses, this bill represents an opportunity to encourage good business standards, create growth within an important industry, and assist Maryland businesses with the ability to reduce costs for themselves, and improve their own sustainability measures.

In closing, thank you for your consideration and I respectfully request a favorable report.

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