

HB58_Brooks_Support.pdf

Uploaded by: Benjamin Brooks

Position: FAV

BENJAMIN BROOKS
Legislative District 10
Baltimore County

CHIEF DEPUTY MAJORITY WHIP

Economic Matters Committee

Subcommittees

Chair, Public Utilities

Alcoholic Beverages

Property and Casualty Insurance



The Maryland House of Delegates

ANNAPOLIS, MARYLAND 21401

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**TESTIMONY IN SUPPORT OF HB58
INCOME TAX- CREDIT FOR ENERGY EFFICIENCY UPGRADES
PASSIVE HOUSES**

Ways & Means Committee
January 13, 2022

Chair Atterbeary, Vice-Chair Washington and Members of the Committee,

Thank you for the opportunity to testify before you on HB58, Income Tax- Credit for Energy Efficiency Upgrades- Passive House. The purpose of this bill is to provide a tax credit for the installation of energy efficiency products in residential properties, which would bring those residences in compliance with the Passive House Standard, as set by the Passive House Institute. Qualifying residential properties include the taxpayer's residence or a single or multifamily residential rental unit. The tax credit may not exceed the lesser of 10% of the total costs paid or incurred by the owner for an energy efficiency upgrade or \$2,000.

An "energy efficiency upgrade measure" is defined as energy efficiency improvement to the building envelope or duct system. Such upgrade measures include the following: additional insulation; triple pane argon or krypton gas filled windows; storm windows; weather stripping and caulking; and duct sealing and insulation.

Passive House is not a brand name but rather a building standard that is energy efficient, comfortable, affordable and ecological. It is built on 5 principles:

1. Continuous insulation;
2. Airtight construction;
3. Optimized windows;
4. Balanced ventilation; and
5. Minimal mechanical.

The Passive House envelope minimizes heat losses by separating the interior from the exterior. Upgrading low-rise multifamily buildings to Passive House criteria can result in overall energy savings. Passive Houses use up to 90% less energy than a conventional house. It harnesses natural energy sources to generate and capture heat reducing the need for bought-in energy; leaving a smaller carbon footprint.

The Clean Energy Job Acts (CEJA), set a goal of 50% renewable energy by 2030. Energy efficiency is vital in meeting that renewable and clean energy goal. HB58 provides incentive to Maryland homeowners to move their homes to more energy efficiency thus getting Maryland one step closer to our 2030 goal.

For these reasons, I am requesting a favorable report.

With kindest regards,

Benjamin Brooks

HB058-passive housing tax credit-ways&means-CJW-fa

Uploaded by: Diana Younts

Position: FAV



Committee: Ways and Means

Testimony on: HB0058 - Income Tax - Energy Efficiency Upgrades -Passive Houses

Organization: Climate Justice Wing of the Maryland Legislative Coalition

Submitting: Diana Younts, Co-Chair

Position: Favorable

Hearing Date: January 13, 2022

Dear M. Chair and Committee Members:

Thank you for allowing our testimony today in support of HB0058. The MLC Climate Justice Wing, a statewide coalition of over 50 grassroots and professional organizations, urges you to vote favorably on HB0058.

This bill creates a State income tax credit for the eligible costs incurred for energy efficiency upgrades to “Passive House” residences – i.e., those that use components certified by the Passive House Institute and bring the building into compliance with criteria established by the Institute. Passive Houses are a voluntary standard for energy efficiency in a building, which reduces the building's ecological footprint, resulting in ultra-low energy buildings that require little energy for space heating or cooling. Under HB0058, the owner of a single-family residence or a multi-family rental property can claim a tax credit equal to 10% of the total eligible costs incurred during the tax year, not to exceed \$2,000.

In Maryland, buildings through both direct and indirect emissions are 40 percent of Maryland’s greenhouse gas emissions. Passive houses, because of their low energy needs, are both an important solution to the substantial greenhouse gas emissions by buildings and an important solution to indoor air quality issues faced by Marylanders in our front-line communities most negatively affected by the cumulative impact of polluting industries and transportation corridors. For instance, the South Baltimore Land Trust is building a number of passive houses in the Baltimore community of Curtis Bay as part of the solution to the significant health issues faced by those communities as a result of the concentration of polluting industries and highways in and through their communities. That community has three times the asthma rate of Maryland because of its proximity to the Wheelabrator incinerator, landfills, open air coal terminals, other polluting industries and highways, which cumulatively emit nitrogen oxide, methane, chromium, lead, cadmium, mercury, hydrochloric acid, and other pollutants.

Passive House is a “conservation first” standard that focuses on improvements to the building envelope and passive design to deliver dramatic energy savings. Passive Houses deliver dramatically improved indoor air quality through better building techniques and continuous, filtered, energy recovery ventilation, resulting in reduced respiratory ailments, far greater comfort, and next to no energy bills.

The reduced energy demand through air-sealing, super insulation and passive solar principles means that any renewable energy applied offsets a larger percentage (if not all) of the buildings’ remaining energy demand. Passive House typically achieves between 60% and 80% energy use reductions. In other words Passive House is a proven pathway to zero energy.

House Bill 58 aims to address reforms to energy consumption policies and standards that need to be set to sustain and achieve a healthy global ecosystem. For these reasons we urge a favorable vote for HB058.

MLC Climate Justice Wing:

Assateague Coastal Trust
Maryland Legislative Coalition
MD Campaign for Environmental Human Rights
Chesapeake Climate Action Network
WISE
Frack Free Frostburg
Mountain Maryland Movement
Clean Water Action
Howard County Indivisible
Howard County Sierra Club
Columbia Association Climate change and sustainability advisory committee
HoCo Climate Action
CHEER
Climate XChange - Maryland
Mid-Atlantic Field Representative/
National Parks Conservation Association
350 Montgomery County
Glen Echo Heights Mobilization
The Climate Mobilization Montgomery County
Montgomery County Faith Alliance for Climate Solutions

Montgomery Countryside Alliance
Takoma Park Mobilization Environment Committee
Audubon Naturalist Society
Cedar Lane Unitarian Universalist Church
Environmental Justice Ministry
Coalition For Smarter Growth
DoTheMostGood Montgomery County
MCPS Clean Energy Campaign
MoCo DCC
Potomac Conservancy
Casa de Maryland
Nuclear Information & Resource Service
Clean Air Prince Georges
Laurel Resist
Greenbelt Climate Action Network
Maryland League of Conservation Voters
Unitarian Universalist Legislative Ministry of Maryland
Concerned Citizens Against Industrial Cafos
Wicomico NAACP
Chesapeake Physicians for Social Responsibility

Chispa MD
Climate Law & Policy Project
Maryland Poor Peoples Campaign
Labor for Sustainability
The Nature Conservancy
Clean Air Prince Georges
350 Baltimore
Maryland Environmental Health Network
Climate Stewards of Greater Annapolis
Talbot Rising
Adat Shalom Climate Action
Mid-Atlantic Earth Holders
Climate Parents of Prince Georges
Echotopia
Maryland NAACP State Conference,
Environmental Justice Committee

HB58 Favorable Stanek.pdf

Uploaded by: Jason Stanek

Position: FAV

STATE OF MARYLAND

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PUBLIC SERVICE COMMISSION

January 13, 2022

Chair Vanessa E. Atterbeary
Ways and Means Committee
House Office Building, Room 131
Annapolis, MD 21401

RE: FAVORABLE – HB 58 – Income Tax – Credit for Energy Efficiency Upgrades – Passive Houses

Dear Chair Atterbeary and Committee Members:

I write today in support of House Bill 58 – Income Tax – Credit for Energy Efficiency Upgrades – Passive Houses. Recognizing that energy efficiency is one of the least expensive ways to meet electricity demands for consumers, the Maryland General Assembly passed the EmPOWER Maryland Energy Efficiency Act in 2008. This Act established the EmPOWER Maryland Program and the State goal of reducing electricity consumption and peak demand. The General Assembly passed legislation in 2017 that updated Maryland's energy efficiency goal and extended the EmPOWER Maryland Program through 2023.

The Maryland Public Service Commission oversees implementation of the EmPOWER Maryland Program by the participating utilities in Maryland. Through June 30, 2020, EmPOWER has saved over 12.6 million MWh and 2,702 MW of peak demand and generated \$1.29 in benefits to Marylanders for every \$1.00 invested in the programs. This is equivalent to reducing 8.97 million metric tons of carbon dioxide emissions.

The EmPOWER Maryland experience shows that weatherization can achieve significant energy savings in a residential property. Therefore, the energy efficiency upgrades and Passive House Standard included in House Bill 58 can help customers further reduce their energy usage, control their utility bills, and add value and comfort to their homes. By offering a tax credit to customers for meeting Passive House Standards, the State will further its objectives established under the EmPOWER Maryland Act and encourage customers to make energy efficiency upgrades.

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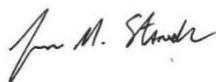
FAX: 410-333-6495

MDRS: 1-800-735-2258 (TTY/Voice)

Website: www.psc.state.md.us

For these reasons, I support House Bill 58 and urge a favorable report. Thank you for your consideration of this information. Please contact Lisa Smith, Director of Legislative Affairs, at (410) 336-6288 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason M. Stanek". The signature is written in a cursive style with a prominent initial "J" and "S".

Jason M. Stanek
Chairman

MBIA HB 58 Testimony.pdf

Uploaded by: Lori Graf

Position: FAV

January 13, 2022

The Honorable Vanessa Atterbeary
Ways & Means Committee
House Office Building, Room 131,
6 Bladen St., Annapolis, MD, 21401

RE: HB 58 - Income Tax - Credit for Energy Efficiency Upgrades - Passive Houses

Dear Representative Atterbeary:

The Maryland Building Industry Association, representing 911 member firms statewide, appreciates the opportunity to participate in the **HB 58 Income Tax – Credit for Energy Efficiency Upgrades – Passive Houses** discussion. MBIA Supports the Act in its current version.

This tax credit will make it much easier for builders to implement energy efficiency upgrades and will by extension have a positive environmental impact. As Maryland struggles to meet its climate goals, it is important that we create the economic incentives necessary to allow builders to make these upgrades in such a way as consumers can afford them. Allowing the credit to be rolled over in a state of emergency will allow builders to take advantage of the credit immediately, while still allowing for the flexibility needed to implement responsible spending during the COVID-19 pandemic.

MBIA supports the current version of the bill and respectfully requests the committee give this measure a favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members, House Ways & Means Committee

MD Catholic Conference_FAV_HB0058 .pdf

Uploaded by: MJ Kraska

Position: FAV



ARCHDIOCESE OF BALTIMORE † ARCHDIOCESE OF WASHINGTON † DIOCESE OF WILMINGTON

January 13, 2022

HB58

Income Tax - Credit for Energy Efficiency Upgrades - Passive Houses

House Ways and Means Committee

Position: Support

The Maryland Catholic Conference (“Conference”) represents the public policy interests of the three Roman Catholic (arch) dioceses serving Maryland: the Archdiocese of Baltimore, the Archdiocese of Washington, and the Diocese of Wilmington.

House Bill 58 this bill allows a tax credit for the installation of energy efficiency products in residential properties, which would bring those residences in compliance with the Passive House Standard, as set by the Passive House Institute. Qualifying residential properties include the taxpayer’s residence or a single-family or multifamily residential rental unit. The tax credit may not exceed the littlest of 10% of the total costs paid or incurred by the owner for an energy efficiency upgrade or \$2,000. An “energy efficiency upgrade measure” is defined as energy efficiency improvement to the building envelope or duct system that meets or exceeds the minimum value for the improved component established by the version of the international energy conservation code (IECC). Such upgrade measures include the following: additional insulation, replacement of windows with more two efficient windows; storm windows; weather stripping and caulking; and duct sealing and insulation.

In his encyclical, *On Care for Our Common Home (Laudato Si')*, Pope Francis tells us, “Whenever these questions are raised, some react by accusing others of irrationally attempting to stand in the way of progress and human development. But we need to grow in the conviction that a decrease in the pace of production and consumption can at times give rise to another form of progress and development. Efforts to promote a sustainable use of natural resources are not a waste of money, but rather an investment capable of providing other economic benefits in the medium term... We know how unsustainable is the behavior of those who constantly consume and destroy, while others are not yet able to live in a way worthy of their human dignity”.

House Bill 58 aims to address the much needed reforms to energy consumption policies and standards to be set to sustain and achieve a healthy global ecosystem. We encourage discussion around the components and goals outlined in this legislation and hope they are a catalyst for meaningful ecological policy reform.

The Conference appreciates your consideration and, for these reasons, respectfully requests a favorable report on House Bill 58.

HB0058 Testimony Ltr of Support.pdf

Uploaded by: Sandi Worthman

Position: FAV

10 January, 2022

Delegate Vanessa E. Atterbeary
Chair, House Ways and Means Committee
Room 131
House Office Building
Annapolis, Maryland 21401

Re: Recommendations for House Bill 0058
Income Tax – Credit for Energy Efficiency Upgrades – Passive Houses

Dear Delegate Atterbeary and members of the Ways and Means Committee:

I am writing to voice AIA Maryland's support for House Bill 0058. AIA Maryland represents nearly 2,000 architects in the state of Maryland and advocates for the profession and the quality of the built environment. As architects we work every day to design the future now, including addressing the changing climate. The economic benefit in this bill encourages homeowners to make upgrades to their home which would increase the energy efficiency and therefore better the environment while also decreasing the burden on fuel and utility consumption. While the maximum \$2,000.00 tax credit offered is not enough to offset the entire expense of these type of upgrades, we believe that it is a nice incentive for those that were likely pursuing these upgrades anyway.

AIA Maryland and its membership encourages steps to improve the quality of Maryland's built environment, especially those items which address the changing climate. Therefore, AIA Maryland is happy to support the intent of this bill.

Sincerely,



Jennifer Verbeke, AIA
Immediate Past-President, AIA Maryland

HB58 22 Session Testimony.pdf

Uploaded by: Theresa Kuhns

Position: FAV



House Bill 58 – Income Tax – Credit for Energy Efficiency Upgrades – Passive Houses

Position: Support

On behalf of Maryland REALTORS® and our 28,000+ members, we support HB 58 which allows for tax credits for certain energy efficiency upgrades when a homeowner obtains a tax credit certificate from the Maryland Energy Administration.

Our members -- *who represent buyers and sellers alike throughout Maryland* -- can attest to the growing demand for energy efficient upgrades such as additional insulation; energy efficient windows and storm windows; improved weather stripping and caulking; duct sealing and insulation and the like which will make homes more airtight and efficient.

According to REALTOR.COM, projects seeking certification have been growing for many reasons: People crave a smaller carbon footprint, protection from unpredictable energy costs, and the independence of living *off the grid* -- many passive houses can eventually achieve off-the-grid status with solar panels.

Eco-conscious homeowners are attracted to the energy conservation, both for environmental reasons and to ensure lower, future energy bills which may enable prospective owners to become a first-time homebuyer.

Maryland REALTORS® respectfully encourages a favorable report of HB 58.

For more information, please contact bill.castelli@mdrealtor.org or susan.mitchell@mdrealtor.org or lisa.may@mdrealtor.org or theresa.kuhns@mdrealtor.org



LS22, HB58, CCAN Venable testimony.pdf

Uploaded by: Victoria Venable

Position: FAV

HB58/SB45 - Income Tax - Credits for Energy Efficiency Upgrades - Passive Houses

Date: January 13, 2022

Committee: House Ways and Means Committee

Position: Favorable

**Victoria Venable, Maryland Director
Chesapeake Climate Action Network Action Fund**

On behalf of the Chesapeake Climate Action Network Action Fund, I urge a favorable report from the committee on HB 58 - Income Tax - Credits for Energy Efficiency Upgrades - Passive Houses.

Notably, 13% of our greenhouse gas pollution comes from fossil fuels burned inside our buildings. For this reason, increasing energy efficiency in buildings is a core recommendation from the Maryland Commission on Climate Change in 2021.

HB58 creates a state income tax credit for the eligible costs incurred for energy efficiency upgrades to “Passive House” residences. Passive House is a voluntary building standard that is energy-efficient and affordable. The Passive House envelope minimizes heat losses by separating the interior from the exterior and using techniques such as air-sealing, super insulation, and passive solar principles. Under HB58, the owner of a single-family residence or a multi-family rental property can claim a tax credit equal to 10% of the total eligible costs incurred during the tax year, not to exceed \$2,000.

HB58 works in tandem with larger efforts by the environmental and climate community to decrease the energy demands and resulting emissions from the building sector. Additionally, the focus on mitigating the costs of energy efficiency upgrades helps make these technologies and home improvements available to Marylanders, particularly low and moderate-income households who are burdened by high energy costs.

Thank you for your consideration of HB58 - Income Tax - Credits for Energy Efficiency Upgrades - Passive Houses. For all the reasons stated above, we urge a favorable vote from the committee.

HB0058 (SB0045) - LOI - Income Tax - Credit for En

Uploaded by: Landon Fahrig

Position: INFO



TO: Members, House Ways & Means Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: HB0058 (SB0045) – Income Tax - Credit for Energy Efficiency Upgrades - Passive Houses
DATE: January 13, 2021

MEA POSITION: Letter of Information

House Bill 58 offers a tax benefit for the installation of energy efficiency upgrades in residential structures. The Maryland Energy Administration (MEA) offers the following information on the bill.

MEA estimates that *the bill will require two (2) new employees* to administer this program; a program manager with knowledge of the relevant subject matter, and an administrative position to assist in the processing of applications. MEA already administers a bevy of proven and successful programs. However, MEA would be unable to adopt a new, legislatively-mandated program without additional human resources.

MEA takes no issue with providing a tax credit for a percentage of the total cost of energy efficiency upgrades to a home. It may even be advantageous to adopt a level greater than 10% for low-to-moderate income (LMI) housing, as these houses are more likely to require costly building envelope work.

The bill limits the application of the credit to a single year, and the tax credit is non-refundable. Both of these limitations may mitigate the benefit to applicants with lower comparative incomes. Generally speaking, those with lower incomes owe a lesser amount in taxes to begin with. This means that it is likely that some lower income applicants will not be able to realize the full benefit of the tax credit in a single year.

Passive House is well established and respected. However, it is *not* a U.S. organization nor is it focused on U.S. buildings. An alternative would seek similar guidance from the Green Building Council that is tailored to the U.S. or Maryland market.

Lastly, MEA notes that eligible energy efficiency upgrades include weatherstripping, that has a very quick cost payback period, but also replacement windows, that have an extremely long payback period. Potentially the bill could limit window replacements to broken windows or single pane windows that are not historic. This would likely increase the efficiency of the program.