

HB85_Brooks_Support.pdf

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Position: FAV

BENJAMIN BROOKS
Legislative District 10
Baltimore County

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The Maryland House of Delegates

ANNAPOLIS, MARYLAND 21401

Annapolis Office
The Maryland House of Delegates
6 Bladen Street, Room 151
Annapolis, Maryland 21401
410-841-3352 · 301-858-3352
800-492-7122 Ext. 3352
Fax 410-841-3132 · 301-858-3132
Benjamin.Brooks@house.state.md.us

District Office
8419 Liberty Road, Suite B
Windsor Mill, Maryland 21244-3133
410-496-4037

TESTIMONY IN SUPPORT OF HB85
INCOME TAX- HEALTHY INDOOR AIR QUALITY TAX CREDIT
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 HB85, Healthy Indoor Air Quality Tax Credit. The purpose of this bill is to provide a tax credit for the installation of indoor air quality (IAQ) equipment in certain residential or commercial properties. Qualifying residential properties include the taxpayer's residence or a single or multifamily residential rental, with 4 or fewer units. The tax credit may not exceed \$1000 for individuals and residential property owners and \$2,000 for small businesses.

“Indoor air quality equipment” means equipment that is installed by a licensed Heating, Ventilation and Air Conditioning (HVAC) contractor and improves indoor air quality, including enhanced ventilation and filtration systems, bipolar ionization technologies, or ultraviolet lighting.

During these unprecedented times resulting from the COVID-19 pandemic individuals are spending unsurmountable amounts of time in their homes. Now, more than ever, it is important those residences offer proper ventilation and filtration. Furthermore, it is equally important for small businesses to offer a quality clean air workplace for employees. The installation of IAQ technologies offers that security and helps in limiting the spread of viruses.

The Clean Energy Jobs Act (CEJA), set a goal of 50% renewable energy by 2030. During the 2020 session, this legislative body altered CEJA by the altering the definition of “clean energy industry” to include HVAC. HB85 provides incentive to homeowners, landlords, and small business owners to upgrade their HVAC systems to secure healthier cleaner air quality for their residents, tenants, and employees, while moving them one step closer to securing energy efficiency.

For these reasons, I am requesting a favorable report.

With kindest regards,

Benjamin Brooks

HB0085_HACC & AACP Joint Testimony_FAV .pdf

Uploaded by: John Van Horne

Position: FAV



Joint Testimony of the Heating & Air Conditioning Contractors of Maryland (HACC) and the Association of Air Conditioning Professionals (AACP)

**Before the Maryland House Ways & Means Committee
January 13th Hearing: HB 0085 “Healthy Indoor Air Quality Tax Credit”**

Position: Favorable

Chair Atterbeary, Vice Chair Washington, and honorable members of the House Ways & Means Committee, thank you for the opportunity to provide testimony in support of HB 0085, the “Healthy Indoor Air Quality Tax Credit.” The Heating & Air Conditioning Contractors of Maryland (HACC) and the Association of Air Conditioning Professionals (AACP) strongly support this bill, and our organizations respectfully ask for a favorable report from the Committee to help mitigate the transmission of COVID indoors and support healthy indoor air quality for families and small businesses, by incentivizing the implementation of proven technologies.

The Heating & Air Conditioning Contractors of Maryland (HACC) and the Association of Air Conditioning Professionals (AACP) are the two trade associations for independent heating, ventilation, air conditioning and refrigeration (HVACR) professionals in Maryland. Together, HACC and AACP represent **217 companies** across the state of Maryland—companies that represent small businesses and local jobs, as well as a critical skilled workforce providing essential services to homes, businesses, and other facilities. Our member companies are leaders in the HVAC industry and in the installation of indoor air quality equipment. We are pleased to represent them before the Committee in urging your support for this bill.

Support Public Health & Local Jobs

This bill would support public health and local jobs—an important win-win solution in the face of the monumental crises Maryland continues to experience. Supporting healthy indoor air quality (IAQ) and strategies to reduce viral transmission indoors are key to the state’s public health efforts now and into the future. Installation of IAQ technologies by trained HVAC contractors can help prevent the spread of viruses in the workplace and at home, through enhanced ventilation and filtration, and technologies that can deactivate viral cells, including bipolar ionizers and ultraviolet light.

Improving IAQ also has long-term health benefits beyond the pandemic. Research has shown that specifically improving ventilation and air filtration can reduce asthma and other respiratory problems, reduce exposure to toxins like radon and formaldehyde, and result in better overall

physical and mental wellbeing.¹ All Marylanders deserve a safe and healthy indoor environment, and this tax credit would help make that possible for more families and small businesses.

In addition, this tax credit would directly support local jobs. The bill stipulates that in order to be eligible for the tax credit, IAQ equipment must be installed by a Maryland-licensed HVAC contractor. Given the complexity of HVAC systems, many requirements need to be considered—including ventilation rate, compatible filtration, relative humidity, and air flow distribution—to ensure a positive impact on indoor air. Therefore, it is critical that these upgrades be done by licensed contractors who have the necessary training to not only pick the appropriate solution or set of solutions for a given home or building, but also install the technologies properly.

This bill would create new local jobs to do the work of installing critical IAQ equipment and support small contracting businesses like HACC and AACP member companies that are part of our local communities. It would mean helping to stimulate our local economy, while simultaneously helping more Marylanders breathe healthy indoor air and stay safe.

Research Shows IAQ Technologies/Solutions Can Mitigate Viral Transmission

ASHRAE, which develops technical standards on IAQ as well as other issues related to HVAC systems, recently published a Position Document on Infectious Aerosols which concludes “the use of **HVAC strategies supported by the evidence-based literature** should be considered.”² The document strongly recommends the following strategies based on good evidence supporting their efficacy:

- Enhanced filtration (higher minimum efficiency reporting value [MERV] filters over code minimums in occupant-dense and/or higher-risk spaces)
- Upper-room UVGI (with possible in-room fans) as a supplement to supply airflow (Evidence Level A)
- Local exhaust ventilation for source control

Studies of viral outbreaks have highlighted the impacts of ventilation and filtration, as well as other mitigation strategies, on transmission:

- A study of the choir rehearsal COVID-19 super spreader event in Washington state showed that **the outbreak was likely exacerbated by poor ventilation**. The study concludes that widespread application of effective indoor environmental controls—

¹ <https://e4thefuture.org/wp-content/uploads/2016/11/Occupant-Health-Benefits-Residential-EE.pdf>

² https://www.ashrae.org/file%20library/about/position%20documents/pd_infectiousaerosols_2020.pdf

including **enhanced ventilation, mechanical filtration, and germicidal ultraviolet disinfection—could help limit the extent of super spreading events.**³

- In a 2019 study of an outbreak of tuberculosis at Taipei University in Taiwan, rooms were under-ventilated with a rate of 3.6 cubic feet per minute/per person and carbon dioxide levels were found to be in a range of 1,200 parts per million to 3,000 PPM. The university increased the ventilation rate to 51 CFM/per person, resulting in carbon dioxide levels dropping to 600 PPM, and the outbreak ended. **The results showed that maintaining adequate indoor ventilation could be a highly effective strategy for controlling TB outbreaks.**⁴ (Note, tuberculosis, like COVID-19, is an airborne disease.)

Leading Examples from other States

Other jurisdictions are advancing policies and programs to support COVID-responsive IAQ improvements in buildings:

- **New Jersey** recently launched the Schools and Small Business (SSB) Energy Efficiency Stimulus Program to deliver grants for indoor air quality and energy performance upgrades in schools and businesses.⁵
- In August, the **Virginia** General Assembly approved over \$300 million in funding for HVAC and indoor air quality improvements in public schools, military facilities, and assisted living facilities.⁶
- The **New York** State Energy Research and Development Authority (NYSERDA) has established the Clean Green Schools Initiative to offer funding and education for schools in disadvantaged communities to improve indoor air quality and reduce emissions across the state.⁷ NYSERDA has also entered into a strategic partnership with the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE) to advance the combined goals of improved indoor air quality and environmental sustainability and support COVID-mitigating air quality improvements in buildings.⁸
- In **California**, the State Assembly passed legislation to create a School Reopening Ventilation and Energy Efficiency Program, providing grants to support the testing, upgrade, repair, and/or replacement of HVAC systems to meet safe ventilation and filtration requirements.⁹

³ <https://www.medrxiv.org/content/10.1101/2020.06.15.20132027v2.full.pdf>

⁴ <https://onlinelibrary.wiley.com/doi/full/10.1111/ina.12639>

⁵ <https://njcleanenergy.com/school-and-small-business-energy-efficiency-stimulus-program>

⁶ <https://lis.virginia.gov/cgi-bin/legp604.exe?213+ful+CHAP0001>

⁷ <https://www.governor.ny.gov/news/governor-hochul-announces-59-million-clean-green-schools-initiative-improve-air-quality-and>

⁸ <https://www.nyserda.ny.gov/About/Newsroom/2020-Announcements/2020-07-08-NYSERDA-Announces-First-of-Its-Kind-Partnership-with-ASHRAE>

⁹ https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB841

- In **Canada**, the federal government has proposed a refundable Small Businesses Air Quality Improvement Tax Credit on eligible air quality improvement expenses incurred by small businesses to make it more affordable for them to invest in safer and healthier ventilation and air filtration.¹⁰

Conclusion

HACC and AACP ask for a FAVORABLE REPORT on HB 0085 to help connect residents and small businesses in Maryland with systems that improve indoor air quality, while also supporting local jobs to do this important work. If enacted, this legislation will help protect Maryland families and help small businesses continue to operate safely and drive lasting improvements for healthier indoor environments.

Contact:

Sabine Rogers

Government Affairs Representative for HACC & AACP

sabine@anndyl.com

802-338-0268

¹⁰ <https://www.budget.gc.ca/efu-meb/2021/report-rapport/chap1-en.html#clean-and-healthy-indoor-air>

HB 85_MDCC_Income Tax – Healthy Indoor Air Quality

Uploaded by: Maddy Voytek

Position: FAV



LEGISLATIVE POSITION:

Favorable
House Bill 85
Income Tax – Healthy Indoor Air Quality Tax Credit
House Ways & Means Committee

Thursday, January 13, 2022

Dear Chairwoman Atterbeary and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

HB 85 allows small businesses to claim a credit against the State income tax for costs incurred for the purchase and installation of qualifying indoor air quality equipment. As introduced, this tax credit applies to businesses employing 50 or fewer full-time employees in the amount equal to 50% of the qualified expenses, not to exceed \$2,000, for tax years 2022 and after.

Small businesses are the backbone of Maryland's economy but have struggled to maintain operations because of the COVID-19 pandemic and an ever-changing array of state and local regulations. Despite such turbulence in regulatory environment, small businesses have remained committed to the health and safety of their employees and customers. It is commonplace for businesses to adopt and enforce all CDC recommended guidelines to ensure public health, however, some have gone the extra step by investing in clean air technologies to filter the air of their establishments.

HB 85 provides a modest tax credit to offset the expenses incurred for the purchase and installation of those clean air technologies, while also incentivizing others to adopt them. HB 85 is a great example of government support for small businesses by taking a proactive approach to economic recovery and technology adaptation.

The Maryland Chamber of Commerce respectfully requests a **favorable report** on HB 85, as it provides both targeted relief and a modest technology adoption incentive for Maryland's still struggling small businesses.

HB85_MRA_FAV.pdf

Uploaded by: Sarah Price

Position: FAV



**HB85 Income Tax – Healthy Indoor Air Quality Tax Credit
Ways and Means Committee
January 13, 2022**

Position: Favorable

Background: Businesses and consumers will be able to claim a credit against the state income tax for 50% of the cost of installation of approved indoor quality air equipment.

Comments: The Maryland Retailers Association (MRA) supports HB85 and any meaningful efforts to alleviate costs for consumers and small businesses during the current economic crisis.

Providing a tax credit on approved indoor air quality machines would help struggling businesses in Maryland invest in infrastructure to keep their employees and customers safer. This support by the State will help mitigate not just the current pandemic virus but also future airborne diseases, from yearly flu season to additional variants of COVID-19. Taking measures to control humidity and to filter for airborne disease will create a healthier and safer Maryland at home, at work, and at public businesses.

Tax credits such as what is proposed in HB85 help support small businesses and the local economy at large by promoting not only the installation of equipment which would make local business environments safer, but also the sale of the equipment and the use of local contractors to complete the installations. As small businesses are part of the hardest-hit sector due to the COVID-19 pandemic, local business owners in a variety of industries would greatly benefit from a tax credit designed to offset the cost of efforts made to operate as safely as possible.

We respectfully ask for a favorable report on HB85. Thank you for your consideration.

HB0085 - LOI - Income Tax – Healthy Indoor Air Qua

Uploaded by: Landon Fahrig

Position: INFO



TO: Members, House Ways & Means Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: HB0085 – Income Tax - Credit for Energy Efficiency Upgrades - Passive Houses
DATE: January 13, 2021

MEA POSITION: Letter of Information

House Bill 85 offers a tax benefit for the installation of air quality equipment upgrades in residential structures and small businesses. 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. As MEA does not administer any indoor air quality programs, a new program manager with knowledge of the relevant subject matter would be required. Additionally, an administrative position to assist in the maintenance of the approved indoor air quality equipment list would be needed. MEA already administers a bevy of proven and successful programs, and would therefore be unable to absorb the workload of this new program without additional staff.

MEA has no conceptual objection to a tax credit for a percentage of the total cost of air quality upgrades to a home or small business, but we must note that MEA does not typically deal with indoor air quality issues. The Maryland Department of Health may be the more appropriate agency to administer the program. Also of interest is that "enhanced ventilation and filtration" will very likely have a negative energy impact; increasing energy demand and usage.

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.

Thank you for keeping these thoughts in mind as you consider this legislation.