



Maryland Energy Administration

TO: Members, Budget & Taxation Committee
FROM: Paul Pinsky - Director, MEA
SUBJECT: HB 318 - Income Tax - Healthy Indoor Air Quality Tax Credit
DATE: February 8, 2023

MEA Position: Letter of Information

Senate Bill 318 offers a tax credit for certain purchases and installations related to indoor air quality improvements. There are some concerns associated with the bill that the Maryland Energy Administration highlights below.

The program is not limited in the aggregate.

General Fund revenues decrease by an unknown, but perhaps substantial, amount. Without data to support the frequency and scale of indoor air quality equipment, MEA assumes by the broad definition in the bill that adoption rates (even prior to the tax credit) may be substantial, and regularly so. Additionally, MEA notes that the aggregate amount of tax credits is unlimited on an annual basis. This also supports substantial impacts on General Fund revenue.

The subject matter is not in MEA's portfolio, and will create administrative burdens within MEA

MEA does not currently have any regulatory authority over indoor air quality, nor the associated equipment. While MEA has several programs and the corresponding expertise that contribute to clean air more generally and the meaningful reduction of pollutants, MEA does not regularly test, monitor, nor incentivise indoor air quality improvements. This means, to administer the program, that three (3) new PIN positions are required within MEA.

MEA currently operates an Energy Storage Tax Credit. That program is limited in the aggregate and requires one (1) Program Manager and one (1) Energy Specialist (administrative/processing function). Under the presumption that the new program would create greater volume due to the lack of any aggregate limits, MEA anticipates the need for similar staffing for the new program, as well as one additional Energy Specialist, for a total of 3 new PIN positions.

MEA encourages the committee to consider the forgoing prior to rendering its report.