

# **SB318\_BrooksSupport.pdf**

Uploaded by: Benjamin Brooks

Position: FAV

**BENJAMIN BROOKS**  
*Legislative District 10*  
Baltimore County

Education, Energy, and the  
Environment Committee



**THE SENATE OF MARYLAND**  
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**TESTIMONY IN SUPPORT OF SB318**  
**INCOME TAX- HEALTHY INDOOR AIR QUALITY TAX CREDIT**

Budget & Taxation Committee  
February 8, 2023

Chair Guzzone, Vice-Chair Rosapepe and Members of this Committee,

Thank you for the opportunity to testify before you on SB318, 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. SB318 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.

On a federal level, The Hope for Homes provision of the Inflation Reduction Act of 2022 incentivizes energy efficiency upgrades to homeowners while cutting monthly energy usage and cost. It stimulates the energy efficiency market for jobs and suppliers, invests


in workforce training for this crucial industry and combats the climate crisis by promoting clean, energy efficient technology.

As we look to tackle the global climate change, one of our best tools in mitigating our CO2 emissions is improving energy efficiency in American homes. Not only will this reduce energy cost for Marylanders, but it will also reduce our energy consumption across the board. Addressing the climate emergency is not just a challenge, it is also an opportunity to create jobs and save Americans money.

In conjunction with the federal Hope for Home Act, SB318 allows homeowners to be part of the solution by providing them rebates to invest in energy efficiency improvements while providing the security of a cleaner healthier home.

For these reasons, I am requesting a favorable report.

With kindest regards,

A handwritten signature in cursive script that reads "Benjamin T. Brooks".

Benjamin Brooks

**MD Catholic Conference\_FAV\_SB0318.pdf**

Uploaded by: MJ Kraska

Position: FAV



MARYLAND  
CATHOLIC  
CONFERENCE

February 08, 2023

SB 318

Income Tax - Healthy Indoor Air Quality Tax Credit

Senate Budget & Taxation Committee

Position: Favorable

The Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 318 creates a nonrefundable credit against the State income tax for 50% of the costs incurred to purchase and install indoor air quality equipment for use in certain residential or small business commercial properties. The Comptroller's Office is required to administer the credit and may, in consultation with the Maryland Energy Administration (MEA), adopt regulations implementing the bill.

In his encyclical, *On Care for Our Common Home (Laudato Si')*, Pope Francis tells us, "Then too, there is the recognition that God created the world, writing into it an order and a dynamism that human beings have no right to ignore. We read in the Gospel that Jesus says of the birds of the air that "not one of them is forgotten before God" (Lk 12:6). How then can we mistreat them or cause them harm? I ask all Christians to recognize and to live fully this dimension of their conversion. May the power and the light of the grace we have received also be evident in our relationship to other creatures and to the world around us. In this way, we will help nurture that sublime fraternity with all creation which Saint Francis of Assisi so radiantly embodied."

Senate Bill 318 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 Senate Bill 318.

**SB318\_FAV\_MRA.pdf**

Uploaded by: Sarah Price

Position: FAV

# MARYLAND RETAILERS ASSOCIATION

*The Voice of Retailing in Maryland*



## **SB318 Income Tax – Healthy Indoor Air Quality Tax Credit Budget and Taxation Committee February 8, 2023**

### **Position: Favorable**

**Background:** Businesses and consumers would 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 SB318 and any meaningful efforts to alleviate costs for consumers and small businesses during the ongoing economic recovery from the effects of the COVID-19 pandemic.

Providing a tax credit on approved indoor air quality machines would help businesses in Maryland invest in infrastructure to keep their employees and customers safer. This support by the State will help mitigate not just the COVID-19 virus but also all airborne diseases, from yearly cold and flu viruses 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 SB318 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 SB318. Thank you for your consideration.



**SB0318\_HACC & AACP Joint Testimony\_FAV.pdf**

Uploaded by: Stephanie Anderson

Position: FAV



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

**Before the Maryland Senate Budget & Taxation Committee  
February 8<sup>th</sup> Hearing: SB 318 "Healthy Indoor Air Quality Tax Credit"**

***Position: Favorable***

Chair Guzzone, Vice Chair Rosapepe, and honorable members of the Senate Budget & Taxation Committee, thank you for the opportunity to provide testimony in support of SB 318, 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 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 simultaneously support public health, ensuring more Marylanders can breathe healthy indoor air, and would provide for direct economic stimulus and local jobs to install these solutions.

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.<sup>1</sup> 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.

### **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.”<sup>2</sup> 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—including **enhanced ventilation, mechanical filtration, and germicidal ultraviolet disinfection—could help limit the extent of super spreading events**.<sup>3</sup>
- 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

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

<sup>2</sup> [https://www.ashrae.org/file%20library/about/position%20documents/pd\\_infectiousaerosols\\_2020.pdf](https://www.ashrae.org/file%20library/about/position%20documents/pd_infectiousaerosols_2020.pdf)

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

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.**<sup>4</sup>

### Leading Examples from other States

Other jurisdictions are advancing policies and programs that address the critical importance of indoor air quality for health:

- **New Jersey** 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.<sup>5</sup>
- The **Virginia** General Assembly designated over \$300 million in funding for HVAC and indoor air quality improvements in public schools, military facilities, and assisted living facilities.<sup>6</sup>
- The **New York** State Energy Research and Development Authority (NYSERDA) 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.<sup>7</sup>
- The **California** 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.<sup>8</sup>
- **Canada** established a federal Air Quality Improvement Tax Credit for 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.<sup>9</sup>

### Conclusion

HACC and AACP ask for a FAVORABLE REPORT on SB 318 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.

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

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

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

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

<sup>8</sup> [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201920200AB841](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB841)

<sup>9</sup> <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/deductions-credits-expenses/line-47557-air-quality-improvement-tax-credit.html>

**Contact:**

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**SB318.pdf**

Uploaded by: Giavante Hawkins

Position: UNF



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**Giavante' Hawkins**  
*Executive Director*

To: Senate Budget and Taxation Committee

From: The Maryland Society of Accounting and Tax Professionals, Inc.

Re: SB 318 Sponsor: Senators Brooks, West, Sydnor, and Kramer

Contact Person: Giavante Hawkins, Executive Director

Position: Oppose

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**Income Tax – Healthy Indoor Air Quality Tax Credit**

The Maryland Society of Accounting and Tax Professionals, Inc. (MSATP), representing the voices of over 2,000 tax and accounting professional members, oppose this bill. As tax and accounting professionals serving over 700,000 Maryland residents, we encourage fiscal policy that is clear and straight forward.

In order to claim the credit under this section, a qualified taxpayer must obtain from the Comptroller an Eligibility Certificate. Section ( C)(4) of this act requires the work to already be performed (“was” in 4(l) (2)) prior to issuance of the certificate. This exposes the taxpayer to having the work performed and the State not issuing a certificate.

Provision ( C)(3) requires clarification since the Comptroller may be issuing certificates throughout the year. If the Governor declares a State of Emergency in December, as the bill is written, the Comptroller’s office would have violated this provision of the bill. If the Comptroller waits until January of the following year to issue the Certificates, taxpayers will be less likely to expend funds not knowing if or when they qualify for the credit.

The Act is also silent as to what period the September 30th posting date pertains – retroactive as insinuated by the effective date of the bill or prospective for the next calendar year. This unclarity can lead to an administrative nightmare.

Based upon the above, we oppose this piece of legislation, and we urge an unfavorable report on SB318.

# **LOI - SB 318 - Health Indoor Air Quality Tax Credi**

Uploaded by: Justin Hayes

Position: INFO



**Letter of Information – Senate Bill 318 – Income Tax – Credit for Energy Efficiency  
Upgrades – Passive Houses**  
*Budget and Tax Committee*  
*February 8, 2023*

Senate Bill 318 provides a credit for 50% of the expense of installing indoor air quality equipment.

The bill, as written, would require the Comptroller to evaluate and approve equipment to determine whether it improves indoor air quality; to determine whether the equipment was installed by a licensed contractor; and to issue a tax credit certificate. The bill also requires the Comptroller to publish on the Comptroller's website a list of approved indoor air quality equipment based on industry guidelines and best practices.

Evaluation of indoor air quality equipment and its installation by licensed contractors is outside the scope of the Comptroller's expertise. To have the Comptroller administer the application process would be administratively burdensome. Such a credit is better administered by the Maryland Energy Administration.

For this reason, the Comptroller recommends the following amendments:

**10-757**

**(A) (3) "INDOOR AIR QUALITY EQUIPMENT MEANS" EQUIPMENT IN A HOME, RENTAL DWELLING UNIT, OR COMMERCIAL BUILDING THAT:**

**(III) IS APPROVED BY THE ~~COMPTROLLER~~ ADMINISTRATION UNDER THIS SECTION AS INDOOR AIR QUALITY EQUIPMENT.**

**(C) (1) ON OR BEFORE SEPTEMBER 30, 2023, AND SEPTEMBER 30 EACH YEAR THEREAFTER, THE ~~COMPTROLLER, IN CONSULTATION WITH THE~~ ADMINISTRATION, SHALL PUBLISH ON THE ~~COMPTROLLER'S~~ ADMINISTRATION'S WEBSITE A LIST OF APPROVED INDOOR AIR QUALITY EQUIPMENT BASED ON INDUSTRY GUIDELINES AND BEST PRACTICES.**

**(2) IN ORDER TO CLAIM THE CREDIT UNDER THIS SECTION, A QUALIFIED TAXPAYER MUST OBTAIN FROM THE ~~COMPTROLLER~~ ADMINISTRATION AN ELIGIBILITY CERTIFICATE.**



**(3) (I) THE COMPTROLLER ADMINISTRATION MAY NOT ISSUE AN ELIGIBILITY CERTIFICATE IN A TAXABLE YEAR DURING WHICH A STATE OF EMERGENCY IS DECLARED BY THE GOVERNOR.**

**(II) IF THE ISSUANCE OF ELIGIBILITY CERTIFICATES IS SUSPENDED DUE TO A STATE OF EMERGENCY UNDER THIS PARAGRAPH, A QUALIFIED TAXPAYER THAT OTHERWISE QUALIFIES FOR THE CREDIT TIN THAT TAXABLE YAR MAY OBTAIN AN EDIBILITY CERTIFICATE FROM THE COMPTROLLER ADMINISTRATION IN THE IMMEDIATELY FOLLOWING YEAR.**

**(4) THE ELIGIBILITY CERTIFICATE UNDER THIS SUBSECTION SHALL:**

**(I) CONSIST OF A CERTIFICATION BY THE COMPTROLLER ADMINISTRATION THAT THE EQUIPMENT FOR WHICH THE QUALIFIED TAXPAYER IS CLAIMING THE CREDIT:...**

**(II) BE IN THE FORM AND CONTAIN ANY OTHER INFORMATION THAT THE COMPTROLLER ADMINISTRATION REQUIRES.**

The Comptroller also requests the allocation of additional funds (provided in Fiscal Note) to support the processing of the attachment to the return.

As always, the Comptroller's Office is willing and available to discuss these concerns or any questions you may have at your convenience. Please contact Justin Hayes, Legislative Director at [jhayes@marylandtaxes.gov](mailto:jhayes@marylandtaxes.gov) or 410-260-7696.

# **SB0318 - LOI - Income Tax - Healthy Indoor Air Qua**

Uploaded by: Landon Fahrig

Position: INFO



# 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

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## **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.