

**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.