



Bill Title: House Bill 965, Income Tax – Credit for Mold Remediation of Residential Rental Properties

Committee: Ways & Means

Date: March 2, 2023

Position: Favorable

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose membership consists of owners and managers of more than 207,246 rental housing homes in more than 937 apartment communities. Our members house over 667,000 residents of the State of Maryland throughout the entire State of Maryland. MMHA membership also includes more than 216 associate members that supply goods and services to the multi-housing industry. More information is available at <https://www.mmhaonline.org/>

Under House Bill 965, a taxpayer who receives a tax credit certificate may claim a credit against the state income tax for the total costs incurred by the taxpayer for mold remediation performed on residential rental property. On application by a taxpayer, the State Department of Housing and Community Development (DHCD) must issue a tax credit certificate that may not exceed the lesser of the actual costs incurred or \$10,000. DHCD may not issue an aggregate amount of tax credit certificates exceeding \$600,000 for a taxable year. DHCD must make 40% available for taxpayers who own single family residential properties; and 60% available for taxpayers who own multifamily residential properties. If the total amount of credits applied for by single family taxpayers is less than the amount made available, DHCD must make available the unused amount of credits for use by taxpayers who own multifamily residential properties. If the total amount of credits applied for by multifamily taxpayers is less than the amount made available DHCD must make available the unused amount of credits for use by taxpayers who own single family residential properties.

The U.S. Environmental Protection Agency defines mold as “a group of organisms that belong to the kingdom Fungi... There are over 20,000 species of mold. Fungi include molds, yeasts, mushrooms, and puffballs.” Molds reproduce by making spores. Mold spores waft through the indoor and outdoor air continually. When mold spores land on a damp spot indoors, they may begin growing and digesting whatever they are growing on. Molds can grow on virtually any organic substance, providing moisture and oxygen are present. It is estimated that more than 1.5 million species of fungi exist.”

Regardless of the cause, mold remediation services can cost anywhere from \$500-\$4,500. This cost takes into consideration the following:



- The size of the area with mold. The more mold in the home, more cost for the service. Small spaces will cost around \$500, while large areas such as entire basements or an attic can cost closer to \$5,000.
- The location of the mold is a big factor in the cost of remediation. If an HVAC system has been infested, the cost will be high (\$3,500-\$7,000).
- If fabrics such as carpets have been involved and are unable to be sufficiently cleaned, they will need replacement, as will floor sheathing and insulation that has been damaged.
- Roof leak damage. If the sheathing cannot properly be cleaned, the sheathing and the section of roofing above would need to be replaced. A typical cost between (\$1,800-3,500) on average depending on size of area.

MMHA appreciates the Sponsor's efforts in supporting housing providers. For the foregoing reasons, MMHA respectfully requests a favorable report for House Bill 965.

For additional information, please contact Aaron J. Greenfield, 410.446.1992