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BILL NO.: House Bill 0087 – Income Tax - Energy Efficient Home Improvement Credit

COMMITTEE: Ways and Means

HEARING DATE: January 29, 2026

SPONSOR: Delegate Vogel

POSITION: Informational

The Office of People’s Counsel (“OPC”) respectfully offers the following informational comments on House Bill 0087, which appears intended to provide incentives for certain energy-efficient home improvements following the expiration or reduction of federal Inflation Reduction Act (“IRA”) tax credits.

OPC supports the bill’s intent to make energy efficiency improvements more accessible, although, as drafted, subsection (d) appears to exclude all individuals who receive any form of subsidized financing or incentive from eligibility for the tax credit, regardless of the amount of personal expenditure or the individual’s income.

We are particularly concerned that the current language would exclude individuals who participate in utility-run EmPOWER programs. For example, under the EmPOWER Clean Energy Advantage pilot loan program, an individual may receive a reduced interest rate to make loans for energy-efficient home improvements more affordable.¹ EmPOWER also provides partial financial support for HVAC systems and heat pumps through midstream rebates and other program offerings. Although this financing helps make energy efficiency home improvements more accessible, homeowners often still pay a substantial portion of the cost out-of-pocket.

If homeowners perceive that participation in EmPOWER or similar programs will disqualify them from future tax credits, the proposed legislation could unintentionally

¹ InClima Inc., *Clean Energy Advantage*, <https://cealoan.org/>

discourage participation in those programs, reducing overall uptake of energy efficiency measures. Moreover, excluding participants who rely on subsidized financing or rebates may disproportionately impact low- and moderate-income households, who are more likely to need financing support to undertake what are ultimately cost-saving energy-efficient upgrades. Although income-eligible residential utility customers may take advantage of Department of Housing and Community Development-administered EmPOWER programs at no out-of-pocket cost to them, limited-income customers may still choose to participate in utility-administered programs, where they would pay a portion of costs.

OPC's recommendation, which we have shared with the sponsor, is to amend subsection (d)(2) to allow eligibility for the tax credit based on the homeowner's actual out-of-pocket costs, net of any rebates or incentives received. This approach would better align with the policy goal of encouraging energy-efficient investments while avoiding unintended exclusion of participants in State-supported programs such as EmPOWER:

(d)(2) IF AN ENERGY EFFICIENT HOME IMPROVEMENT WAS PURCHASED WITH SUBSIDIZED ENERGY FINANCING, AN INDIVIDUAL MAY ONLY NOT RECEIVE A CREDIT UNDER THIS SECTION FOR THE PORTION OF EXPENSES THAT THE INDIVIDUAL DIRECTLY INCURRED IN PURCHASING THE AN ENERGY EFFICIENT HOME IMPROVEMENT THAT WAS PURCHASED WITH SUBSIDIZED ENERGY FINANCING.

OPC appreciates the opportunity to provide these informational comments on HB 0087 and is available to answer any questions.