

January 20, 2026

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The Honorable Delegate Jheanelle K. Wilkins  
Chair, House Ways and Means Committee  
House Office Building  
Room 131  
6 Bladen Street  
Annapolis, MD 21401

Maryland Society of Accounting and Tax Professionals

Re: House Bill 87 Income Tax Energy Efficient Home Improvement Credit

Chair Wilkins and Members of the Committee,

The Maryland Society of Accounting and Tax Professionals represents over 1,400 tax and accounting professionals who collectively serve more than 400,000 Maryland taxpayers and small businesses. We respectfully submit this testimony in opposition to House Bill 87.

While the goal of promoting energy efficiency is commendable, House Bill 87 introduces a highly complex income tax credit with multiple sub limits, allocation rules, and extensive federal cross references that significantly increase compliance burdens for taxpayers and tax professionals.

Of particular concern is that the bill relies on definitions contained in Internal Revenue Code Section 25C, which is scheduled to terminate as of December 31, 2025. As a result, Maryland would be creating and administering a State tax credit based on outdated federal criteria, increasing confusion, interpretive challenges, and long term administrative risk.

In practice, credits structured in this manner disproportionately benefit middle and higher income homeowners who have the financial capacity to make large upfront capital improvements and sufficient tax liability to utilize the credit. Renters, lower income households, and many seniors are unlikely to benefit meaningfully from this proposal, raising questions of equity and effectiveness.

From an administrative standpoint, implementation would require extensive documentation, careful interpretation of federal definitions that are no longer operative, and expanded audit procedures. These factors add cost and complexity to the tax filing process and further fragment Maryland's income tax system.

Finally, the Committee should consider the broader fiscal context. With the State budget already under pressure, introducing additional energy efficiency tax incentives is not well positioned fiscally, particularly when the economic and social benefits are uncertain and may be more effectively delivered through direct grants or utility based incentive programs.

For these reasons, the Maryland Society of Accounting and Tax Professionals respectfully urges an Unfavorable Report on House Bill 87.

Respectfully Submitted,

*Giavante Hawkins*  
Giavante' Hawkins

