

# SENATE BILL 45

Q3  
SB 198/21 – B&T

(PRE-FILED)

2lr0983  
CF HB 58

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By: **Senator Kramer**

Requested: October 27, 2021

Introduced and read first time: January 12, 2022

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Energy Efficiency Upgrades – Passive Houses**

3 FOR the purpose of allowing a credit against the State income tax for certain costs, paid or  
4 incurred after a certain date, by an owner of certain residential property for certain  
5 energy efficiency upgrades; prohibiting a taxpayer from claiming the tax credit for a  
6 taxable year during which the Governor declares a state of emergency; and generally  
7 relating to an income tax credit for energy efficiency upgrades.

8 BY adding to

9 Article – Tax – General

10 Section 10–754

11 Annotated Code of Maryland

12 (2016 Replacement Volume and 2021 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
14 That the Laws of Maryland read as follows:

15 **Article – Tax – General**

16 **10–754.**

17 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
18 INDICATED.

19 (2) “ADMINISTRATION” MEANS THE MARYLAND ENERGY  
20 ADMINISTRATION.

21 (3) (I) “ENERGY EFFICIENCY UPGRADE” MEANS AN  
22 IMPROVEMENT, MADE ON OR AFTER JULY 1, 2022, TO A COMPONENT OF THE DUCT

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 SYSTEM OR ENVELOPE OF A BUILDING.

2 (II) "ENERGY EFFICIENCY UPGRADE" INCLUDES:

3 1. ADDITIONAL INSULATION;

4 2. REPLACEMENT OF WINDOWS WITH  
5 ENERGY-EFFICIENT WINDOWS;

6 3. STORM WINDOWS;

7 4. WEATHER STRIPPING AND CAULKING; AND

8 5. DUCT SEALING AND INSULATION.

9 (4) "PASSIVE HOUSE" MEANS A BUILDING THAT IS CONSTRUCTED OR  
10 UPGRADED USING THE PASSIVE HOUSE INSTITUTE METHODOLOGY AND MEETS THE  
11 PASSIVE HOUSE STANDARD CRITERIA.

12 (5) "PASSIVE HOUSE STANDARD" MEANS AN INTERNATIONAL  
13 BUILDING STANDARD DEVELOPED BY THE PASSIVE HOUSE INSTITUTE.

14 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, THE OWNER OF A  
15 SINGLE-FAMILY RESIDENTIAL PROPERTY OR A MULTIFAMILY RESIDENTIAL RENTAL  
16 PROPERTY THAT RECEIVES A TAX CREDIT CERTIFICATE UNDER THIS SECTION MAY  
17 CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR THE TOTAL COSTS PAID OR  
18 INCURRED BY THE OWNER DURING THE TAXABLE YEAR FOR AN ENERGY EFFICIENCY  
19 UPGRADE THAT:

20 (1) USES COMPONENTS CERTIFIED BY THE PASSIVE HOUSE  
21 INSTITUTE; AND

22 (2) BRINGS THE BUILDING INTO COMPLIANCE WITH THE CRITERIA  
23 FOR PASSIVE HOUSES, AS ESTABLISHED BY THE PASSIVE HOUSE INSTITUTE.

24 (C) ON APPLICATION BY A TAXPAYER, THE ADMINISTRATION SHALL ISSUE  
25 A TAX CREDIT CERTIFICATE THAT MAY NOT EXCEED THE LESSER OF:

26 (1) 10% OF THE TOTAL COSTS PAID OR INCURRED BY THE OWNER FOR  
27 AN ENERGY EFFICIENCY UPGRADE; OR

28 (2) \$2,000.

1           **(D) THE ADMINISTRATION SHALL APPROVE ALL APPLICATIONS THAT**  
2 **QUALIFY FOR A TAX CREDIT CERTIFICATE UNDER THIS SECTION IN A TIMELY**  
3 **MANNER.**

4           **(E) (1) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS**  
5 **SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR**  
6 **THAT TAXABLE YEAR, CALCULATED BEFORE THE APPLICATION OF THE CREDITS**  
7 **UNDER THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER**  
8 **THE APPLICATION OF OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.**

9           **(2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION,**  
10 **THE UNUSED AMOUNT OF CREDIT FOR ANY TAXABLE YEAR MAY NOT BE CARRIED**  
11 **OVER TO ANY OTHER TAXABLE YEAR.**

12           **(3) (I) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT BE**  
13 **CLAIMED FOR A TAXABLE YEAR DURING WHICH THE GOVERNOR DECLARES A STATE**  
14 **OF EMERGENCY AND:**

15                   **1. STATES IN THE DECLARATION THAT ECONOMIC**  
16 **DISRUPTION IS EXPECTED OR IS THE CAUSE OF THE EMERGENCY; OR**

17                   **2. ORDERS THE GENERAL CESSATION OF BUSINESS**  
18 **OPERATIONS IN ONE OR MORE POLITICAL SUBDIVISIONS.**

19           **(II) THE TOTAL AMOUNT OF THE CREDIT THAT COULD NOT BE**  
20 **CLAIMED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY BE CARRIED OVER**  
21 **TO THE NEXT TAXABLE YEAR NOTWITHSTANDING A RENEWAL OF THE STATE OF**  
22 **EMERGENCY OR A DECLARATION OF A STATE OF EMERGENCY IN THE NEXT TAXABLE**  
23 **YEAR.**

24           **(F) ON OR BEFORE JANUARY 31 EACH TAXABLE YEAR, THE**  
25 **ADMINISTRATION SHALL REPORT TO THE COMPTROLLER ON THE TAX CREDIT**  
26 **CERTIFICATES ISSUED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR.**

27           **(G) THE ADMINISTRATION, IN CONSULTATION WITH THE COMPTROLLER,**  
28 **SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION.**

29           **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July**  
30 **1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.**