

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 405
 Ways and Means

(Delegate Lehman, *et al.*)

Rules

Maryland Energy Administration - Mechanical Insulation Installation Grant Program

This bill creates a Mechanical Insulation Installation Grant Program within the Maryland Energy Administration (MEA). **The bill takes effect July 1, 2022, and terminates June 30, 2027.**

Fiscal Summary

State Effect: General fund expenditures may increase by \$1.0 million annually beginning in FY 2023 due to appropriations for the program. Revenues are not affected.

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.0	1.0	1.0	1.0	1.0
Net Effect	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Mechanical Insulation Installation Grant Program

MEA may provide grants to individuals, nonprofit organizations, and businesses for up to the lesser of 30% or \$20,000 of the qualified expenses incurred to install the mechanical insulation. Qualified expenses are a capital investment of at least \$10,000 for the installation of mechanical insulation on a commercial or industrial building consistent with the minimum American Society of Heating, Refrigerating, and Air-conditioning Engineers standard for certain buildings. Qualified expenses include labor costs paid for the preparation, assembly, and installation of the insulation but do not include capital investments for the installation of the insulation that are required by State law or regulation.

Mechanical insulation is insulation materials, facings, and accessory products used for thermal requirements for mechanical piping and equipment, hot and cold applications, and heating, ventilation, and air-conditioning applications.

MEA must (1) adopt regulations implementing the bill and (2) establish the program application procedures.

Mechanical Insulation Installation Grant Fund

The fund is a special, nonlapsing fund that consists of money appropriated in the State budget to the fund and any other money from any other source accepted for the benefit of the fund. Money expended from the fund may only be used to provide grants and pay for program administrative expenses.

Current Law: No similar State grant program exists.

State Expenditures: General fund expenditures may increase beginning in fiscal 2023 due to appropriations to the fund established by the bill. The amount of the increase, if any, depends on the amount appropriated in each year. While the bill does not require or suggest a minimum appropriation amount, the Department of Legislative Services (DLS) assumes a minimum annual appropriation of \$1.0 million is needed for a viable grant program.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 314 (Senator Rosapepe) - Budget and Taxation.

Information Source(s): Comptroller's Office; Maryland Energy Administration;
Department of Legislative Services

Fiscal Note History: First Reader - February 1, 2022
fnu2/jrb Third Reader - April 7, 2022
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Analysis by: Robert J. Rehrmann

Direct Inquiries to:
(410) 946-5510
(301) 970-5510