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Chair Guy J. Guzzone
Budget and Taxation Committee
Maryland Senate
Miller Senate Office Building, 3 West Wing
11 Bladen St., Annapolis, MD 21401 – 1991

Re: Favorable – SB 45 - Income Tax - Credit for Energy Efficiency Upgrades - Passive Houses

Dear Chair Guzzone and Committee Members:

I write in support of the intent of Senate Bill 45 - Income Tax - Credit for Energy Efficiency Upgrades - Passive Houses. We commend Senator Kramer for planting this seed for a voluntary tax credit for new and existing homes certified as Passive House. We believe that this would be a first in the nation tax credit for Passive House, putting Maryland in a leadership position on electrification and building decarbonization using such a market friendly policy strategy.

While climate, energy efficiency, and equity advocates will likely address how Passive House can help the State and local governments meet climate, electrification, building decarbonization, and grid resiliency goals, help drive down energy costs and monthly utility bills for residents, and improve the indoor air and environmental quality in housing, we wanted to cover a few related issues in which this tax credit would play a key market driving role.

We see this proposed tax credit as a catalyst for a broader discussion and road mapping effort to put Maryland on the path to mainstream Passive House as the standard for new and gut rehabbed government buildings, commercial and multifamily buildings, and eventually new single-family construction. Specifically, following the lead of Brussels and Vancouver, we encourage the legislature to be bold and establish Passive House as the code minimum for all new government buildings by 2028, commercial and multifamily buildings by 2032, and new single-family by 2035. Such a move would be consistent with established law and climate policy already in place. Modeling best practices in Brussels and Vancouver, this can be achieved through the following:

1. Stepped Code Improvements over 10-12 years
2. "Bridge" Incentives (tax, zoning, utility, etc) with each step code increase to ease transition
3. Public Service Commission (PSC) driven incentives for education and training

Lastly, by being explicit on the long-term goal on code minimum, the State clearly signals to building product and equipment manufacturers where it's going. This is of enormous benefit to the product industry as it takes the guess work out of market needs, provides clear direction and informs where to invest resources and capital to help bring about the policy goal. This is also helpful to the design profession, trades, and builders and developers know where they need to be over the next decade. SB 45 can kick this off.

Respectfully,

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