



POSITION STATEMENT

TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE

HOUSE BILL 405 – INCOME TAX – MECHANICAL INSULATION INSTALLATION TAX CREDIT
Sponsor - Delegate Lehman, et al.

February 9, 2022

DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE

Position: Support

House Bill 405 creates a credit against the State income tax for up to 30% of the allowable costs incurred to install mechanical insulation on a commercial or industrial building. The credit may not exceed 50% of tax liability, and may not be carried over to future tax years. The Maryland Energy Administration (MEA) is required to administer the credit on a first come first serve basis and may award a maximum of \$5 million in credits in each tax year.

Mechanical insulation involves the installation of insulation and jacketing of mechanical systems for the purposes of saving energy and reducing greenhouse emissions. The installation of such insulation has the following benefits:

- Conserving energy and reducing greenhouse gas emissions
- Regulating the temperature of systems
- Condensation control and mold prevention
- Personnel protection from hot or cold surfaces

A number of bills have been introduced this legislative session to reduce greenhouse gas emissions. This bill proposes a partnership between government and business that encourages businesses to make the investments needed to help reduce these emissions. The creation of a tax credit will incentivize businesses to absorb the additional costs that will save energy and reduce greenhouse gas emissions.

This bill is consistent with two of the key tenets in *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth:

Strategic and effective state investments in business growth. The state must commit to substantive strategic investments, leveraged with capital assets, to nurture business and job growth. Investments should include competitive and effective tax credits, business development incentives, and tactical initiatives to nurture private investment in industry growth.

Government leadership that unites with business as a partner. Maryland leaders must set a welcoming tone that communicates positive support for business, respect for the private sector as a partner, not an adversary, and reflects a strategic plan for business growth and job creation.

For these reasons, the Greater Baltimore Committee urges a favorable report on House Bill 405.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 67-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

GREATER BALTIMORE COMMITTEE

111 South Calvert Street • Suite 1700 • Baltimore, Maryland • 21202-6180

(410) 727-2820 • www.gbc.org