

# HOUSE BILL 87

Q3

6lr1271

(PRE-FILED)

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By: **Delegate Vogel**

Requested: October 21, 2025

Introduced and read first time: January 14, 2026

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

### 2 **Income Tax – Energy Efficient Home Improvement Credit**

3 FOR the purpose of allowing a credit against the State income tax for certain costs paid or  
4 incurred by an individual for certain energy efficient home improvements made to  
5 the individual's residence during the taxable year, subject to certain limitations; and  
6 generally relating to a credit against the State income tax for energy efficient home  
7 improvements.

8 BY adding to

9 Article – Tax – General

10 Section 10–758

11 Annotated Code of Maryland

12 (2022 Replacement Volume and 2025 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 **10–758.**

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

19 (2) “ENERGY EFFICIENT HOME IMPROVEMENT” MEANS:

20 (I) A HOME ENERGY AUDIT;

21 (II) A QUALIFIED ENERGY EFFICIENCY IMPROVEMENT; OR

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



**(III) A RESIDENTIAL ENERGY PROPERTY EXPENDITURE.**

(3) "HOME ENERGY AUDIT", "QUALIFIED ENERGY EFFICIENCY IMPROVEMENT", AND "RESIDENTIAL ENERGY PROPERTY EXPENDITURE" HAVE THE MEANINGS STATED IN § 25C OF THE INTERNAL REVENUE CODE.

5           (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL  
6 MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR UP TO 30% OF THE  
7 COSTS PAID OR INCURRED BY THE INDIVIDUAL, NOT TO EXCEED \$3,200 IN THE  
8 AGGREGATE, FOR ENERGY EFFICIENT HOME IMPROVEMENTS MADE TO THE  
9 INDIVIDUAL'S RESIDENCE IN THE TAXABLE YEAR.

10                   **(2) (I)** SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A  
11 CREDIT ALLOWED UNDER THIS SUBSECTION MAY NOT EXCEED:

**1. \$150 FOR A HOME ENERGY AUDIT;**

13                           2.     \$600 FOR A RESIDENTIAL ENERGY PROPERTY  
14 EXPENDITURE OTHER THAN AN EXPENDITURE DESCRIBED UNDER PARAGRAPH (3)  
15 OF THIS SUBSECTION;

16                           **3. \$600 TOTAL FOR EXTERIOR WINDOWS AND EXTERIOR**  
17 SKYLIGHTS; OR

18                          4.     **\$500 TOTAL FOR ALL EXTERIOR DOORS AT A RATE OF**  
19   **UP TO \$250 PER DOOR.**

24                   **(3) A CREDIT ALLOWED UNDER THIS SECTION FOR A RESIDENTIAL**  
25 **ENERGY PROPERTY EXPENDITURE MAY NOT EXCEED \$2,000 FOR A TAXABLE YEAR**  
26 **FOR THE PURCHASE OR INSTALLATION OF:**

## 28 (II) A HEAT PUMP WATER HEATER; OR

1           (c) (1) AN INDIVIDUAL MAY CLAIM A CREDIT UNDER THIS SECTION IF  
2 THE ENERGY EFFICIENT HOME IMPROVEMENT:

3                         (i) WAS MADE TO THE RESIDENCE OF THE TAXPAYER; AND

4                         (ii) WAS ORIGINALLY PLACED IN SERVICE BY THE TAXPAYER.

5                         (2) (i) AN INDIVIDUAL MAY CLAIM AN EXPENDITURE ON AN  
6 ENERGY EFFICIENT HOME IMPROVEMENT THAT WAS MADE TO MULTIPLE DWELLING  
7 UNITS.

8                         (ii) THE AMOUNT OF CREDIT ALLOWABLE UNDER THIS SECTION  
9 FOR AN ENERGY EFFICIENT HOME IMPROVEMENT THAT WAS MADE TO MULTIPLE  
10 DWELLING UNITS SHALL BE COMPUTED SEPARATELY WITH RESPECT TO THE  
11 AMOUNT OF THE EXPENDITURE FOR EACH DWELLING UNIT.

12                         (3) IN THE CASE OF A DWELLING UNIT TO WHICH ENERGY EFFICIENT  
13 HOME IMPROVEMENTS ARE MADE THAT IS JOINTLY OCCUPIED AND USED DURING  
14 ANY CALENDAR YEAR AS A RESIDENCE BY TWO OR MORE INDIVIDUALS, THE  
15 EXPENDITURES ALLOCATED TO AN INDIVIDUAL FOR THE TAXABLE YEAR SHALL BE  
16 AN AMOUNT EQUAL TO THE LESSER OF:

17                         (i) THE AMOUNT OF EXPENDITURES MADE BY THE INDIVIDUAL  
18 TO THE DWELLING UNIT DURING THE CALENDAR YEAR; OR

19                         (ii) THE MAXIMUM AMOUNT OF EXPENDITURES MADE TO THE  
20 DWELLING UNIT DURING THE CALENDAR YEAR MULTIPLIED BY A FRACTION:

21                         1. THE NUMERATOR OF WHICH IS THE AMOUNT OF  
22 EXPENDITURES WITH RESPECT TO THE DWELLING UNIT MADE BY THE INDIVIDUAL  
23 DURING THE CALENDAR YEAR; AND

24                         2. THE DENOMINATOR OF WHICH IS THE TOTAL  
25 EXPENDITURES MADE BY ALL INDIVIDUALS WITH RESPECT TO THE DWELLING UNIT  
26 DURING THE CALENDAR YEAR.

27                         (4) AN INDIVIDUAL WHO IS A TENANT-STOCKHOLDER OF A  
28 COOPERATIVE HOUSING CORPORATION SHALL BE TREATED AS HAVING MADE THE  
29 INDIVIDUAL'S PROPORTIONATE SHARE OF ANY EXPENDITURES FOR AN ENERGY  
30 EFFICIENT HOME IMPROVEMENT BY THE COOPERATIVE HOUSING CORPORATION.

31                         (5) AN INDIVIDUAL WHO IS A MEMBER OF A CONDOMINIUM  
32 MANAGEMENT ASSOCIATION, AS DEFINED UNDER § 25D(E)(6)(B) OF THE INTERNAL

1 REVENUE CODE, SHALL BE TREATED AS HAVING MADE THE INDIVIDUAL'S  
2 PROPORTIONATE SHARE OF ANY EXPENDITURES FOR AN ENERGY EFFICIENT HOME  
3 IMPROVEMENT BY THE CONDOMINIUM MANAGEMENT ASSOCIATION WITH RESPECT  
4 TO THE CONDOMINIUM THAT THE INDIVIDUAL OWNS.

5 (6) IF LESS THAN 80% OF THE USE OF AN ENERGY EFFICIENT HOME  
6 IMPROVEMENT IS FOR NONBUSINESS PURPOSES, ONLY THE PORTION OF THE  
7 EXPENDITURE FOR THE IMPROVEMENT ALLOCABLE FOR NONBUSINESS PURPOSES  
8 MAY BE CONSIDERED.

9 (7) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
10 PARAGRAPH, AN EXPENDITURE FOR AN ENERGY EFFICIENT HOME IMPROVEMENT  
11 SHALL BE TREATED AS BEING MADE WHEN THE ORIGINAL INSTALLATION OF THE  
12 IMPROVEMENT IS COMPLETED.

13 (II) FOR AN ENERGY EFFICIENT HOME IMPROVEMENT MADE IN  
14 CONNECTION WITH CONSTRUCTION OR RECONSTRUCTION OF A RESIDENCE, THE  
15 EXPENDITURE SHALL BE TREATED AS BEING MADE WHEN THE ORIGINAL USE OF THE  
16 RESIDENCE BY THE TAXPAYER BEGINS.

17 (D) (1) IN THIS SUBSECTION, "SUBSIDIZED ENERGY FINANCING" MEANS  
18 FINANCING PROVIDED UNDER A FEDERAL, STATE, OR LOCAL PROGRAM, A  
19 PRINCIPAL PURPOSE OF WHICH IS TO PROVIDE SUBSIDIZED FINANCING FOR  
20 PROJECTS DESIGNED TO CONSERVE OR PRODUCE ENERGY.

21 (2) AN INDIVIDUAL MAY NOT RECEIVE A CREDIT UNDER THIS  
22 SECTION FOR AN ENERGY EFFICIENT HOME IMPROVEMENT THAT WAS PURCHASED  
23 WITH SUBSIDIZED ENERGY FINANCING.

24 (E) AN INDIVIDUAL SHALL PROVIDE ANY DOCUMENTS OR INFORMATION  
25 REQUIRED BY THE COMPTROLLER TO RECEIVE A CREDIT ALLOWED UNDER THIS  
26 SECTION.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
28 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.