



TO: Members, Senate Finance Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: SB0076 (HB0033) – Climate Crisis and Education Act
DATE: February 2, 2021

MEA POSITION: Letter of Information

While the Maryland Energy Administration (“MEA”) applauds the laudable goals of this bill, it presents several possible challenges. MEA offers the following information to highlight those challenges.

The bill proposes a new tax of at least \$350,000,000 per year in a period of obvious economic strife. Where MEA has adapted its programs in the face of Covid to help maximize economic development opportunities and for the promotion of Maryland Jobs, this new tax may serve to exacerbate the economic challenges associated with the pandemic.

Specifically, the proposed tax will increase the costs of home heating. This will compound an existing challenge in areas of the State that have lower average incomes, such as rural areas, where residents *already* pay a premium for heating fuels due to the lack of affordable options, thus perpetuating a cycle of economic struggle.

Taxing any person that generates more than 25,000 kilowatt-hours of on-site generated electricity will be punitive for many adopters of combined heat and power (CHP) units within the State. CHP units *reduce* greenhouse gas emissions, provide grid benefits, reduce congestion, and increase resiliency. The tax proposed by this bill will greatly reduce or eliminate the incentive for *private investment* in these important energy generation resources.

Senate Bill 76 proposes the creation of a Climate Crisis Council (“Council”). Unlike most councils that are to have any influence on State policy, the power of appointment to the council rests solely with General Assembly majority leadership. The council also excludes any required departmental involvement. MEA, the Department of the Environment, Department of Agriculture, Department of Planning, and the Department of Natural Resources work diligently, and in an interconnected fashion, to mitigate and address the impacts of climate change. However, none would necessarily be represented on the proposed Council, even though it would purportedly serve those same goals.

The bill also creates a Climate Crises Infrastructure Fund (“Fund”). The purpose of the fund is to promote investments in clean energy resources, energy efficiency, transportation sector programs, and resiliency measures including those targeting low-to-moderate income residents. MEA notes that the allowable uses of the Strategic Energy Investment Fund (“SEIF”) and MEA programs both also promote investments in clean energy resources, energy efficiency, transportation sector programs, and resiliency measures including those targeting low-to-moderate income residents. It appears that the Fund would create duplicative programs within MEA and the Department of the Environment, leading to unavoidable inefficiencies.