



February 11, 2021

SUPPORT House Bill 583: Climate Solutions Now

Chairman Barve, Chairman Davis, and Members of the Committee:

The Climate Access Fund strongly supports HB 583, Climate Solutions Now, and we thank Delegate Stein for his leadership on this issue.

My name is Lynn Heller. I'm the founder and CEO of the Climate Access Fund, a statewide nonprofit Green Bank that is focused on reducing the electricity bills of low-income households through access to community solar. The Climate Access Fund uses low-cost debt and a guaranty fund to incentivize community solar developers and their investors to serve more low-income households than they otherwise would.

The Climate Access Fund supports the Climate Solutions Now Act because we believe climate change is an urgent threat to Marylanders and the state needs to take action to reduce its impacts, especially on underserved communities. More specifically, we strongly support the portion of the bill that extends the property tax exemption for community solar systems that serve LMI customers. This tax exemption will encourage solar generation in communities that are burdened by environmental pollutants and help provide financial assistance to those LMI households. It is truly a win-win-win scenario for the state.

As many of you know, Maryland's community solar pilot program is in its fourth year, though due to a variety of delays, most projects are just now coming on line. Most of these projects serve market-rate customers and are located on 10-12 acres of land, because project economics work best in these scenarios. Projects serving majority low-income customers, and projects located on land that has already been developed (rooftops, parking lots, landfills, etc.) tend to cost more and typically don't benefit from the economies of scale that large ground mounted projects do.

The Climate Access Fund is trying to change that. We raise below-market debt, guaranty capital, and other types of financing from public and philanthropic sources (including the Maryland Energy Administration). We offer this attractive financing to solar developers who are committed to expanding community solar access to low- to moderate- income ("LMI") communities across the state and who meet our bill savings requirements.

The Climate Access Fund is focused in particular on developing rooftop projects located in or near underserved communities. We're currently working on a project located on the rooftop of a school in East Baltimore. Students' families (as well as faculty and staff at the school) who qualify as LMI will receive a 25% discount on their electricity bills, and will be given an



opportunity to invest in the solar asset itself for as little as \$100, enabling them to earn an attractive financial return over time.

This kind of local participation and ownership works best when a project is located in the community, most likely on a rooftop. Yet even with the Climate Access Fund's flexible capital, this rooftop project will not be possible without the proposed personal property tax exemption included in HB 583. The project's margins are simply too thin to withstand the tax. The financial benefits that this project and others like it across the state can bring LMI families – *by using private capital* – are significant. We estimate that the electricity bill savings alone generated by the school project would amount to a total of \$700,000 over the lifespan of the solar project (25 years), or close to \$200 per year for 140 LMI households. The majority of these savings would likely be reinvested in the local economy.

The Fiscal Note for HB 583 accurately states that the actual revenue decrease resulting from the proposed tax exemption will vary by personal property tax rate and will “depend(s) on the number of systems located in each jurisdiction that meet the requirements of the bill.” As someone who is immersed in LMI community solar project economics, I can assure you that even with the proposed tax exemption, these smaller LMI community solar projects are challenging enough that the total number of systems – and thus the fiscal impact on local jurisdictions -- is likely to remain low. Yet the benefits to LMI families and their communities, over a generation, will be substantial.

The Climate Access Fund urges a favorable report on HB 583, Climate Solutions Now.

It is my understanding that the Solar Democracy and Equity Collaborative, of which the Climate Access Fund is a member, intends to file a letter of support for the proposed community solar personal property tax exemption.

Thank you.

Lynn Heller, CEO
Climate Access Fund Corporation
lynn@climateaccessfund.org
(410) 371-6276