

To: Budget & Taxation Committee
From: Bioenergy Devco
Subject: Senate Bill 813, Income Tax – Calculation of Taxable Income – Investments in Sustainable Materials Management Projects
Position: Favorable
Date: March 10, 2022

Bioenergy Devco supports Senate Bill 813, Income Tax – Calculation of Taxable Income – Investments in Sustainable Materials Management Projects.

Bioenergy Devco (BDC) is a world leader in the finance, design, construction, engineering, and operation of anaerobic digestion facilities. With more than 240 anaerobic digestors built throughout the world, our team of engineers, biologists, chemists, agronomists, designers and marketing experts has over 20 years' experience in the finance, design, construction and operation of anaerobic digester power plants and thus offers expertise in service, consultation and biological support with insured and guaranteed operation of each plant. We are proud to call Maryland our United States home.

This bill allows a subtraction modification under the Maryland income tax for capital gains invested in or realized from a sustainable materials management project, as defined in the bill. Specifically, for a taxable year in which a taxpayer realizes capital gain income from an investment that was made on or after July 1, 2020, in a sustainable materials management project in the state, the subtraction is one-third of the capital gains if the investment is held in the project for a period of at least 5 years but less than 7 years. If the capital gain income is realized from an investment held in the project for a period of at least 7 years but less than 10 years, the subtraction is two-thirds of the capital gains or if the capital gain income is realized from an investment held in the project for at least 10 years, 100% of the capital gain income.

Sustainable materials management projects construction is not just about the creation of a building that has a low environmental impact; it is a new approach oriented around the concept of impact investing where each project creates a real demonstrable difference in how these building initiatives improve the way people live and build. The advantages include several key benefits important to delivering on the promise of the circular economy including environmental, financial and social impact.

Bioenergy Devco is committed to sustainable materials management as demonstrated by our vast network of anaerobic digestors throughout the world. In fact, we are commissioning an anaerobic digester, located on the Maryland Food Center campus. This is a public-private partnership that began with a land lease with the State and was approved by the Board of Public Works in February 2018. This project represents a \$50 million capital investment in the state's green infrastructure and will

create approximately 30 – 50 full-time jobs including construction and long-term maintenance and operation jobs. Importantly, the anaerobic digester will address the state’s growing organic waste challenges and associated greenhouse gas emissions (GHGs) from landfills and incineration. The American Biogas Council estimates that constructing anaerobic digestion facilities to meet Maryland’s clean energy potential would generate as much as \$507 million in capital investments, 4,222 new construction jobs, and 280 permanent jobs.

If enacted this would have a substantial benefit to the long-term operation of BDC’s facility and incentivize long term investment in similar sustainable material management projects. This additional capital will allow BDC to expand operations and maximize the environmental and economic benefits to the state of Maryland.

For these reasons, Bioenergy Devco respectfully requests a favorable report on Senate Bill 813.

For additional information, please contact Aaron J. Greenfield at 410.446.1992