

**Department of Legislative Services**  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**

House Bill 1575  
Economic Matters

(Delegates Bartlett and King)

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**Solar Energy Grant Program**

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This bill increases the maximum amounts and percentages of grants that can be awarded under the Solar Energy Grant Program established by Chapter 128 of 2004.

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**Fiscal Summary**

**State Effect:** Assuming there would be no increase in the amount of funding provided for the grant program, the bill would not affect State finances. Any increase in individual grant awards would simply reduce the total number of grants that could be provided. The bill's changes could be handled with existing resources.

**Local Effect:** While any individual applicant could benefit from an increased grant award, any increase in grant awards would simply reduce the total number of grants that could be provided.

**Small Business Effect:** Minimal.

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**Analysis**

**Bill Summary:** A grant awarded under the program would be limited to the lesser of: (1) \$12,500 or 50% of the total installed cost of photovoltaic property for both residential and nonresidential property; and (2) \$2,500 or 50% of the total installed cost of solar water heating property.

**Current Law:** The purpose of the grant program, which is administered by the Maryland Energy Administration (MEA), is to provide grants to individuals, local

governments, and businesses for a portion of the costs of acquiring and installing photovoltaic property and solar water heating property.

The maximum amount of a grant awarded under the program is equal to the lesser of: (1) \$3,000 or 20% of the total installed cost of photovoltaic property (maximum limit is increased to \$5,000 if installed on nonresidential property); and (2) \$2,000 or 20% of the total installed cost of solar water heating property.

**Background:** MEA began accepting applications on January 3, 2005. MEA advises that it has received 28 grant applications and has made offers to three applicants. According to MEA, other jurisdictions in the region, such as Delaware, Washington DC, and parts of Pennsylvania, provide incentives of up to 50% of the cost of solar projects. New Jersey provides incentives of up to 70%.

**State Expenditures:** The Governor's proposed fiscal 2006 budget includes \$103,500 in general funds for the program. Assuming there would be no increase in the total amount of funding provided for the program, the bill would have no overall impact on State finances. Any increase in individual grant awards due to the bill's changes would simply reduce the total number of grants that could be awarded.

MEA advises that federal fund expenditures would increase by \$10,000 in fiscal 2006 only to conduct promotional activities relating to the bill's changes. Legislative Services disagrees. MEA advises that promotion costs to date have totaled approximately \$9,000 to \$10,000 and that it tentatively plans to spend an additional \$7,000 on such activities. It is assumed that the bill's changes could be incorporated into any future promotional activities without additional cost. In addition, it is reasonable to assume that MEA could make the bill's changes known to interested parties by posting them on its web site.

The bill's changes could result in an increase in the number of grant applications, although it is unclear at this time if any such increase would be significant; it is assumed that MEA could handle any increase in workload with existing budgeted resources.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Energy Administration, Montgomery County, Queen Anne's County, St. Mary's County, Department of Legislative Services

**Fiscal Note History:** First Reader - March 18, 2005  
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