



Wes Moore | Governor
Aruna Miller | Lt. Governor
Kevin A. Anderson | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

DATE: March 6, 2024
BILL NO: House Bill 1220
BILL TITLE: Maryland Clean Energy Center – Climate Technology Founder’s Fund
COMMITTEE: House Appropriations
POSITION: Support with Amendment

The Maryland Department of Commerce (Commerce) supports House Bill 1220 – Maryland Clean Energy Center – Climate Technology Founder’s Fund, with amendment.

Bill Summary:

House Bill 1220 establishes the Climate Technology Founder’s Fund (Fund) within Maryland’s Clean Energy Center to provide early-stage funding for start-up companies focused on qualified projects in climate technologies. This bill also establishes the oversight, make-up and administration of the Fund, including the creation of a Fund Oversight Committee. Additionally, HB 1220 requires the Maryland Energy Administration to use the Maryland Strategic Energy Investment Fund (SEIF) to provide at least \$1.2M in fiscal year 2025 through 2028 to the Fund and authorizes the governor to transfer up to \$2.2M from the Small, Minority, and Women-Owned Business Account (SMWOBA) to the Fund in FY 2024. Under HB 1220, preference will be given to companies that are small, minority-owned, women-owned and veteran owned businesses when making awards from the Fund.

Background:

The purpose of the Strategic Energy Investment Program is to decrease energy demand and increase energy supply to promote affordable, reliable, and clean energy. On behalf of the state, the Maryland Energy Administration (MEA) administers the SEIF, implements SEIF-funded programs that support Maryland’s energy policies, and monitors SEIF-funded programs being implemented by other state agencies.

Chapter 757, Acts of 2019, the Clean Energy Jobs Act, included a provision that directed that for FYs 2021 through 2028 funds from the SEIF be transferred to SMWOBA for the purpose of providing investment capital, including equity investments and loans, to small, minority, and women-owned as well as veteran-owned businesses in the clean energy industry in the State. Fund Managers for SMWOBA already had the authority to provide funding to these businesses however, and there were additional reporting requirements included on the use of SEIF funds, so Fund Managers have not utilized any of these funds to date.

Rationale:

Programs funded by SEIF administered across various State agencies manage tens of millions of dollars to minimize energy waste, create jobs, improve reliability and resiliency, address energy access and equity issues, help attract and retain businesses, and promote energy independence. Funds transferred to the SMWOBA intending to assist small, minority, and women-owned

businesses in the clean energy industry have unfortunately gone unused. House Bill 1220 will redirect these funds to the newly created Climate Technology Founder's Fund within the Maryland Clean Energy Center (MCEC) where they will be used to provide early-stage funding for start-up companies in climate technologies. MCEC through the Maryland Energy Innovation Institute and the Maryland Energy Innovation Accelerator have an established energy innovation ecosystem that has produced almost 40 new companies and received \$70M in private investment. Commerce agrees House Bill 1220 will ensure utilization of these funds, thus benefitting small businesses in the clean energy industry as these funds were intended to be used.

Commerce thanks the sponsor for coordinating with the Department when introducing this legislation, and for introducing an amendment to remove Commerce from determining eligibility for the program as referenced on page five of the bill. With this amendment Commerce supports the redirection of these funds from SMWOBA to MCEC in future fiscal years.

Commerce respectfully requests a favorable report with amendment on House Bill 1220.