

Department of Legislative Services
 Maryland General Assembly
 2007 Session

FISCAL AND POLICY NOTE

House Bill 952 (Delegate Montgomery, *et al.*)
 Economic Matters

Department of Energy

This bill redesignates the Maryland Energy Administration (MEA) as the Department of Energy, a principal department of State government.

Fiscal Summary

State Effect: General fund expenditures could increase by approximately \$165,600 in fiscal 2008 due to an anticipated need for additional legal staff for the department and salary increases for Secretary, deputy secretary, and counsel positions to be comparable with salaries in similarly sized executive departments. Future year expenditure estimates reflect annualization, salary increases, and inflation. No effect on revenues.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	165,600	225,600	235,800	246,600	258,000
Net Effect	(\$165,600)	(\$225,600)	(\$235,800)	(\$246,600)	(\$258,000)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The Secretary of Energy is the head of the department, appointed by the Governor with the advice and consent of the Senate, and appoints a deputy secretary with the approval of the Governor. Staff assistants in charge of particular areas of responsibility and professional consultants serve at the pleasure of the Secretary, while all

other employees are appointed and removed in accordance with the State Personnel and Pensions Article of the Annotated Code, unless otherwise provided by law.

The Attorney General is the legal adviser to the department. The number of assistant Attorneys General authorized by law must be assigned to the department, with one designated as counsel to the department. The duties and functions of MEA are unchanged by the redesignation.

Current Law/Background: MEA is an independent unit of State government created for the purpose of implementing and administering conservation, allocation, or other energy programs or measures under State law or federal laws, orders, or regulations.

MEA serves in an advisory role to the Governor, State agencies, local governments, and the public on various energy issues and administers a number of financial assistance programs, including:

- the Solar Energy Grant Program, which provides grants to individuals, local governments, and business for a portion of the costs of acquiring and installing photovoltaic and solar water heating property;
- the Geothermal Heat Pump Program, which provides grants to individuals for a portion of the cost of acquiring and installing a geothermal heat pump;
- the Community Energy Loan Program, which provides loans to nonprofit organizations and local jurisdictions for projects in buildings in order to promote energy conservation and improve energy efficiency;
- the State Agency Loan Program, which provides loans to State agencies for energy efficiency improvements; and
- the Energy Efficiency and Economic Development Loan Program, which provides loans to commercial and industrial entities to install energy efficiency improvements.

MEA has been an independent State agency since 1991 (created under Chapter 468), prior to which it was the Energy Office within the Department of Housing and Community Development and prior to 1987, the Energy Office within the Department of Natural Resources (DNR).

State Fiscal Effect: General fund expenditures could increase by approximately \$165,552 in fiscal 2008, which accounts for the bill's October 1, 2007 effective date. This estimate reflects the cost of additional legal staff (an additional assistant Attorney General and a paralegal; MEA currently shares two assistant Attorneys General with DNR) for the department as well as salary increases of roughly 20% for the Secretary, deputy secretary, and counsel positions to be comparable with salaries in similarly sized executive departments. It includes salaries, fringe benefits, and ongoing operating expenses and assumes use of existing equipment for the new staff.

Salaries and Fringe Benefits	\$123,987
Salary Increases	41,250
Operating Expenses	<u>315</u>
Total FY 2008 State Expenditures	\$165,552

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Energy Administration, Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2007
nas/ljm

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