

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 318

(Senator Brooks, *et al.*)

Budget and Taxation

Rules and Executive Nominations

Healthy Indoor Air Quality Grant Program

This bill establishes a Healthy Indoor Air Quality Grant Program within the Maryland Energy Administration (MEA) to provide grants for the purpose of improving indoor air quality in the State. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: General fund expenditures increase by \$296,300 in FY 2024 and by \$5.0 million annually beginning in FY 2025, under the assumptions discussed below. Revenues are not affected.

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: MEA is authorized to provide grants to qualified individuals or businesses to install indoor air quality equipment, approved by the administration, in homes, rental dwelling units, or commercial buildings that includes enhanced ventilation and filtration systems, bipolar ionization technologies, or ultraviolet lighting. The Governor may provide \$5.0 million each year for the program.

To apply for a grant, an individual or a business must provide the following to MEA: (1) a detailed description of the project; (2) a cost estimate; and (3) any other relevant information that the administration requests. Generally, grants may not exceed the lesser of \$250 or 10% of the costs incurred to purchase and install indoor air quality equipment.

However, for indoor air quality equipment installed in a residential building that contains multiple rental dwelling units, a grant may not exceed the lesser of \$250 for each unit of indoor air quality equipment installed at the residential building or 10% of the total costs incurred to purchase and install indoor air quality equipment in the residential building.

MEA must: (1) publish a list of approved indoor air quality equipment based on industry guidelines and best practices; (2) require the indoor air quality equipment to be installed by a licensed contractor; and (3) adopt regulations to implement the provisions of the bill and specify the criteria and procedures for the award of grants under the program.

Current Law: MEA administers several programs to promote energy conservation and efficiency, reduce reliance on foreign fuel, and improve the environment. The administration coordinates and directs energy planning for State agencies; helps local governments implement programs to reduce energy consumption; and helps Maryland businesses become more competitive by introducing new technologies and developing strategies for emerging competitive energy markets. During energy supply disruptions and emergencies, the administration also participates in security and contingency planning for Maryland's energy supplies and infrastructure.

State Expenditures: The bill does not mandate funding for the program but does specify that the Governor may appropriate \$5.0 million each year to the program. This estimate assumes that \$5.0 million in general funds is provided each year beginning in fiscal 2025 and is used to pay for MEA's administrative costs and provide grants to eligible recipients. Actual expenditures under the bill will vary with the amount of discretionary funding, if any, provided by the Governor each year.

For a grant program with an assumed funding amount of \$5.0 million annually, MEA advises that the agency will need to hire seven staff members at a cost of approximately \$798,400 in fiscal 2024 to develop and administer the grant program. However, the Department of Legislative Services advises that until the scope of the grant program is better known, MEA should be able to administer the program with four additional staff members. In any event, this estimate assumes that MEA administrative costs will reduce available grant funding.

As a result, general fund expenditures increase by \$296,300 in fiscal 2024. This estimate reflects MEA's costs to hire one full-time program manager to design and oversee the program and three full-time energy specialists to assist with processing grant applications. The estimate for staffing costs includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses and accounts for a 90-day start-up delay due to the bill's July 1, 2023 effective date.

Positions	4.0
Salaries and Fringe Benefits	\$266,700
Operating Expenses	<u>29,600</u>
Total FY 2024 MEA Administrative Costs	\$296,300

Future year expenditures reflect ongoing discretionary funding, full salaries with annual increases and employee turnover, and annual increases in ongoing operating expenses.

Small Business Effect: Small businesses are eligible applicants and benefit to the extent they apply for grants under the program.

Additional Comments: In fiscal 2022, MEA’s Clean Energy Rebate program made approximately 4,300 awards, and the Electric Vehicle Supply Equipment program made just over 2,000 awards.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Comptroller’s Office; Maryland Energy Administration; Department of Legislative Services

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Analysis by: Michael Sanelli

Direct Inquiries to:
 (410) 946-5510
 (301) 970-5510