

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 622 (Senator Watson, *et al.*)  
Education, Energy, and the Environment

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**Maryland Strategic Energy Investment Fund - Required Uses - Building  
Electrification and Transportation Electrification**

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This bill requires that the Strategic Energy Investment Fund (SEIF), in addition to its existing required uses, be used to provide loans and grants for building and transportation electrification.

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**Fiscal Summary**

**State Effect:** No net effect on special fund (SEIF) expenditures, as discussed below. Revenues are not affected.

**Local Effect:** The bill is not anticipated to materially affect local government finances.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** The Maryland Energy Administration (MEA) administers SEIF, which, among other revenue sources, receives funds from the sale of carbon dioxide emissions allowances under the Regional Greenhouse Gas Initiative (RGGI) and alternative compliance payment (ACP) revenues through the State's renewable energy portfolio standard (RPS). Additionally, SEIF will receive a portion of corporate income tax revenues from qualified data centers that are operational on or after January 1, 2026.

MEA is required to use SEIF for specified uses, including investing in the promotion, development, and implementation of (1) cost-effective energy efficiency and conservation programs, projects, or activities; (2) renewable and clean energy resources; (3) climate

change programs directly related to reducing or mitigating the effects of climate change; and (4) demand response programs that are designed to promote changes in electric usage by customers.

RGGI proceeds must be used for the following purposes: (1) at least 50% for energy assistance programs in the Department of Human Services; (2) at least 20% for energy efficiency and conservation (at least one-half of which must be used for low- and moderate-income programs); (3) at least 20% for renewable and clean energy programs, energy-related education and outreach, and climate change and resiliency programs; and (4) up to 10% but no more than \$7.5 million for administrative expenses.

Nonsolar ACP revenues may be used to support the creation of new renewable energy sources in the State that are owned by or directly benefit low- to moderate-income, overburdened, or underserved communities. Solar ACP revenues must be used to support the creation of new solar energy sources in the State that are owned by or directly benefit those communities or low- to moderate-income households. In fiscal 2026 only, up to \$100.0 million of ACP revenues may be used for solar development on State government property and local government clean energy projects. Additionally, through the end of fiscal 2027, at least 20% of ACP revenues resulting from solar energy requirements under the RPS must be used to provide grants to support the installation of new solar energy generating systems under the Customer-Sited Solar Program. Up to 10% of the solar ACP revenues are credited to an administrative expense account for costs related to the administration of SEIF. Finally, ACP revenues may be used to provide grants to electric companies to be refunded or credited to each residential distribution customer based on the customer's consumption of electricity supply that is subject to the RPS.

**State Expenditures:** The bill is not expected to have a net effect on SEIF expenditures. MEA advises that it currently has statutory authority to fund building and transportation electrification projects through the RGGI renewable and clean energy programs account, under the authorization to use the account for climate change and resiliency programs.

SEIF has been (or is) used for certain building and transportation electrification programs. MEA's annual SEIF report, for [fiscal 2025 activities](#), includes (1) the Electric Vehicle Supply Equipment Rebate Program (available to homeowners, businesses, nonprofit organizations, and State and local government entities that install eligible electric vehicle charging equipment); (2) the Medium-Duty and Heavy-Duty Zero-Emission Vehicle Grant Program (providing financial assistance for the purchase of qualifying zero-emission vehicles and heavy equipment for commercial or industrial use); and (3) the Electrification Outreach Program (supporting outreach by nonprofit and community-based organizations to educate owners and tenants of single-family and multi-family dwellings on the benefits of building electrification).

The bill is not expected to affect SEIF expenditures derived from ACP revenues because building and transportation electrification projects are not eligible uses of ACP funds (as discussed above in Current Law), and the bill does not modify the authorized uses of ACP funds.

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### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Maryland Department of the Environment; Department of General Services; Maryland Department of Labor; Maryland Department of Transportation; Maryland Energy Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 26, 2026  
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