Department of Legislative Services

Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 223 (Chair, Education, Energy, and the Environment Committee)(By Request - Departmental - Maryland Energy Administration)

Education, Energy, and the Environment

Maryland Energy Administration - Jane E. Lawton Conservation Loan Program and Maryland Strategic Energy Investment Fund

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This departmental bill transfers the Jane E. Lawton Conservation Loan Program from the Maryland Energy Administration (MEA) to the Maryland Clean Energy Center (MCEC). Additionally, it alters MEA's annual reporting requirements for the Strategic Energy Investment Fund (SEIF). **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Special fund expenditures from the Jane E. Lawton Conservation Fund increase by $131,300 in FY 2027. Future years reflect ongoing net costs and inflation.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	$0	$0	$0	$0	$0
SF Expenditure	131,300	139,100	147,400	156,000	165,100
Net Effect	($131,300)	($139,100)	($147,400)	($156,000)	($165,100)

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

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

Small Business Effect: MEA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary:

Transfer of the Jane E. Lawton Conservation Loan Program

The bill transfers the Jane E. Lawton Conservation Loan Program from MEA to MCEC, including the responsibility for managing, supervising, and administering the program, and administering the Jane E. Lawton Conservation Fund that supports the program.

Annual Report on the Strategic Energy Investment Fund

The bill modifies a requirement that MEA annually report on the uses and expenditures of SEIF from the prior fiscal year, to only require a detailed accounting of all amounts *in excess of $10,000* received by and disbursed from the fund, including the amount and recipient of each grant awarded by MEA (existing law requires a detailed accounting of *all amounts* received by and disbursed from SEIF). Additionally, the bill eliminates the requirement that the report identify any instances of multiple grants being awarded to the same person or same address.

The bill also modifies a requirement that the report include an estimate of electricity savings from the programs, projects, activities, and investments implemented under SEIF, so that it instead requires an estimate of greenhouse gas emissions reductions from the programs, projects, activities, and investments.

Current Law:

Jane E. Lawton Conservation Loan Program

The Jane E. Lawton Conservation Loan Program, managed, supervised, and administered by MEA, was established under Chapters 466 and 467 of 2008. The program's stated purpose is to provide financial assistance in the form of low-interest and zero-interest loans to nonprofit organizations, local jurisdictions, State agencies, and eligible businesses for projects to (1) promote energy conservation; (2) reduce consumption of fossil fuels; (3) improve energy efficiency; (4) enhance energy-related economic development and stability in the nonprofit, commercial, and industrial sectors; and (5) reduce greenhouse gas emissions. Funding for the program is available through the Jane E. Lawton Conservation Fund.

The statutory provisions governing the program address, among other things, (1) MEA's duties in administering the program; (2) borrower requirements; and (3) allowable uses of loan funding.

"Local jurisdiction" means any county or municipality in the State. "Nonprofit organization" means a corporation, foundation, school, hospital, or other legal entity, no part of the net earnings of which inure to the benefit of any private shareholder or individual holding an interest in the entity. "Eligible business" means a commercial enterprise or business that is in good standing with the State Department of Assessments and Taxation and is either incorporated in the State or registered to do business in the State.

Maryland Clean Energy Center

MCEC was established by Chapter 137 of 2008 as a body politic and corporate and an instrumentality of the State. The purpose of MCEC is to (1) promote economic development and jobs in the clean energy industry sector; (2) promote the deployment of clean energy technology; (3) serve as an incubator for the development of the clean energy industry; (4) in collaboration with MEA, collect, analyze, and disseminate industry data; (5) provide outreach and technical support to further the clean energy industry; and (6) work as a green bank and in conjunction with local and private green banks. MCEC may make grants or provide equity investment financing to clean energy technology-based businesses and may borrow money and issue bonds consistent with its purpose.

Strategic Energy Investment Fund

In General

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 revenues through the State's renewable energy portfolio standard. 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. SEIF must also be used to provide targeted programs, projects, activities, and investments to reduce electricity consumption by customers in low-income and moderate-income residential sectors, and to provide supplemental funds for low-income energy assistance administered by the Department of Human Services.

Annual Reporting Requirements

By January 1 of each year, MEA must report to the Governor, the Strategic Energy Investment Advisory Board, the General Assembly, the Senate Finance Committee, and the House Economic Matters Committee specified information relating to the uses and expenditures of SEIF from the prior fiscal year, including:

- a detailed accounting of all amounts received by and disbursed from SEIF, including the amount and recipient of each grant awarded by MEA, and identifying multiple grants awarded to the same person or the same address;
- all amounts used by MEA for administrative purposes;
- programs, projects, and activities included in specified statutory categories of expenditures of proceeds from the sale of allowances under RGGI (a significant revenue source of SEIF);
- the status of programs, projects, activities, and investments implemented with funds from SEIF;
- an estimate of electricity savings from the programs, projects, activities, and investments;
- the number of allowances sold in each RGGI auction, the average allowance price from each auction, and an estimate of revenue from future auctions;
- an accounting of all amounts received or disbursed by SEIF from all other sources;
- recommendations for changes to the allocation of funds under the statutory categories of expenditures of RGGI auction proceeds;
- the status of programs and expenditures in the current fiscal year; and
- possible or expected program initiatives and changes in later years.

Background:

Transfer of the Jane E. Lawton Conservation Loan Program

MEA indicates that MCEC is better suited to manage, supervise, and administer the Jane E. Lawton Conservation Loan Program, as it serves as the State's designated green bank and already operates several loan programs. By contrast, MEA is largely focused on distributing grants and rebates that help deploy energy efficiency efforts and renewable energy projects in order to reach the State's energy and environmental goals, and the Jane E. Lawton Conservation Loan Program is currently its only loan program. MEA will benefit from operational efficiency resulting from the transfer of the program.

At the end of fiscal 2025, the Jane E. Lawton Conservation Fund had a closing balance of $13.0 million and the fund's fiscal 2025 revenues and expenditures were $969,500 and $1.7 million, respectively. The fiscal 2026 budget, and the fiscal 2027 budget as introduced, authorize $5.0 million of expenditures under the program in each fiscal year.

Annual Report on the Strategic Energy Investment Fund

MEA indicates that the bill reduces the operational burden associated with its annual reporting requirements for SEIF by, among other things, limiting detailed accounting of amounts received by and disbursed from SEIF to sums exceeding $10,000. MEA notes that the appendices to the annual reports consistently exceed 150 pages and advises that this degree of detail detracts from the broader purpose and focus of the reports.

State Fiscal Effect: Special fund expenditures from the Jane E. Lawton Conservation Fund increase by approximately $131,300 in fiscal 2027, reflecting the net increase in money from the fund used for costs of administering the Jane E. Lawton Conservation Loan Program (and the fund) as a result of the transfer of the program and fund from MEA to MCEC. This estimate assumes:

- MCEC hires an additional employee to maintain and manage the program and fund, at a cost of approximately $156,600 in fiscal 2027, accounting for a salary and fringe benefits;
- MEA no longer spends the small portion of program funds it currently allocates annually toward the agency's administrative costs ($25,281 in the fiscal 2027 budget as introduced); and
- revenues and expenditures of the fund are not otherwise directly affected by the transfer of the program and fund from MEA to MCEC.

Future years reflect an assumed 5% annual increase in MCEC personnel costs and ongoing reductions in MEA administrative costs (equal to the magnitude of the administrative costs included in the fiscal 2027 budget as introduced).

Additional Comments: This analysis assumes that revenues and expenditures of the Jane E. Lawton Conservation Fund remain State special fund revenues and expenditures, and assumes expenditures from the fund need to be made through appropriations in the State budget (as money that is a part of the State Treasury), despite the fund being administered by MCEC (a nonbudgeted entity). Despite MCEC's administration of the program and fund under the bill, the fund continues to be held by the State Treasurer and accounted for by the Comptroller, and requires the State Treasurer to invest and reinvest the money of the fund in the same manner as other State money is invested.

While MCEC is established in State law and receives State funding, its finances are managed independent of the State budget, with its annual budget instead approved by its board of directors. Other existing funds established in State law and administered by MCEC – the Climate Catalytic Capital Fund and Climate Technology Founder's Fund – are not held by the State Treasurer and are instead overseen by a fund oversight committee.

Additional Information

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

Designated Cross File: HB 245 (Chair, Environment and Transportation Committee)(By Request - Departmental - Maryland Energy Administration) - Environment and Transportation.

Information Source(s): Maryland Energy Administration; Maryland Clean Energy Center; Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2026
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Energy Administration - Jane E. Lawton Conservation Loan Program and Maryland Strategic Energy Investment Fund

BILL NUMBER: SB 223

PREPARED BY: Landon Fahrig

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

_X_ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

__ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The bill, though it alters which entity administers the Jane E. Lawton Conservation Loan Program, does not materially alter the program otherwise.