

Wednesday February 19, 2020

TO: Paul Pinsky, Chair of Senate Education, Health and Environmental Affairs Committee and Committee Members

FROM: Joshua Kurtz, The Nature Conservancy, Policy and Government Relations Director

POSITION: Support SB 722 Clean Energy Program – Environmental Remediation and Resiliency Projects

Position:

The Nature Conservancy (the Conservancy) strongly supports SB 722 offered by Senator Hester. SB 722 expands on the existing clean energy loan program (administered under Commercial Property Assessed Clean Energy program [C-PACE] and Maryland Property Assessed Clean Energy program [MD-PACE]), to include financing for property owners to remediate environmental issues and improve the resilience of their properties. The PACE structure is a solid foundation to build resiliency projects around. The program allows property owners to secure upfront capital financing to fund construction while spreading the repayment out over many years. It can also lead to lower interest rates on the loan due to higher repayment through the property tax bill and does not require general fund appropriations from state or local governments for the projects. PACE ties the financing and repayment not to an individual but to the property.

This bill expands the options for PACE funding to include resilience projects such as: flood mitigation projects, stormwater management projects, increasing resistance to fire and wind, increasing the capacity of a natural system or an inundation adaptation project. Through this approach, we are providing a pathway that significantly reduces or eliminates upfront costs for the property owner. Currently, these projects can be funded through grants or private financing, which often times require the property owner to expend funds upfront or repay financing over a shorter time-frame. This new funding mechanism also targets some of the most vulnerable parts of our economy. According to the Federal Emergency Management Agency, more than 40% of small businesses never reopen their doors following a disaster. The expansion of PACE would give small business owners more options to finance and deploy projects that could improve their resilience to increasingly frequent and intense natural catastrophes in the face of climate change.

The Conservancy commends Senator Hester and the co-sponsors for identifying a solution that creates the opportunity to access resources and improves flexibility for property owners and businesses without increasing state or county general fund expenditures.

Therefore, we urge a favorable report on SB 722.