



Maryland

Department of the Environment

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor

Ben Grumbles, Secretary
Horacio Tablada, Deputy Secretary

March 11, 2021

The Honorable Maggie McIntosh, Chair
Appropriations Committee
Room 121
House Office Building
Annapolis, Maryland 21401

Re: HB 1310- *Clean Energy and Energy Efficiency - Investment in Low-Income Communities*

Dear Chair McIntosh and Members of the Committee:

The Maryland Department of the Environment (MDE or the Department) has reviewed House Bill 1310 - *Clean Energy and Energy Efficiency - Investment in Low-Income Communities*. The Department would like to provide some information related to the Commission on Environmental Justice and Sustainable Communities (CEJSC or the Commission) provisions and funding provisions under this bill.

HB 1310 would make various changes to CEJSC. Under this bill, the Commission would be required to develop policies and recommendations to place the highest priorities on spending from specific special fund accounts that support clean energy and energy efficient programs projects and investments to benefit low-income communities. To achieve these priorities, the Commission is to consult with MDE, other State and local agencies, representatives of low-income communities, clean energy industries and related energy interests, environmental advocates and the general public. Conducting public information gathering sessions across Maryland to solicit input from low-income communities and the public is also an element of the consultation process. After public input and consultation, the Commission is to work with MDE, the Public Service Commission (PSC) and the Maryland Energy Administration (MEA) to develop specific recommendations for identifying and providing assistance to low-income communities, including recommended legislative and regulatory changes to achieve the priorities. The Commission is to review its recommendations yearly.

MDE is proud to support and staff the CEJSC and embraces diversity, equity, inclusion and justice in every aspect of agency operations. MDE's own Environmental Justice Policy and Implementation Plan (EJ Policy) is a blueprint for how the agency addresses environmental justice (EJ) in its operations. MDE supports common-sense solutions to ensure equal protection from environmental and public health hazards for all people regardless of race, income, culture, and social status. As the CEJSC is a volunteer body, MDE staff provides information needed in the conduct of its business. Given the broad scope of the bill's requirement to prioritize policies and programs with regular review and to conduct multiple public meetings in a six month period, MDE would need additional positions to implement the requirements of this bill.

This bill would also potentially affect funding for MDE's Air and Radiation Administration (ARA) in two significant ways. First, by potentially reducing funding under the Strategic Energy Investment Fund (SEIF) and secondly, by potentially affecting federal funding for all of ARA under the provisions that re-direct federal funds.

The bill states that the "Commission shall develop policies and recommendations to place the highest priority on overall spending on clean energy and energy efficiency programs, projects, and investments in the state to benefit low-income communities." This includes spending on clean energy industry and energy efficiency programs that are wholly or partially funded under SEIF. Under a broad reading of this bill, the CEJSC could make recommendations to reallocate the priority and percentage allocations under SEIF. The current SEIF formula allocates 20% of proceeds from the Regional Greenhouse Gas Initiative (RGGI) to the renewable and clean energy programs account. MDE's Climate Program is funded under that account. As part of the Climate Change Program's duties, it administers greenhouse gas regulatory

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programs like RGGI, which is the sole source of revenue for SEIF. Not having adequate financial support to carry out its RGGI-related responsibilities would jeopardize the flow of revenue into SEIF.

Additionally, the Climate Change Program develops Maryland's long-term climate plans under the Greenhouse Gas Reduction Act and provides administrative support for the Maryland Commission on Climate Change. Any reduction in available funds in this SEIF category could have a fiscal impact on the Department by limiting funding available to MDE to perform its climate planning tasks, which continue to grow in importance and complexity with additional legislative requirements. The exact impact is indeterminate as it is unknown to what extent MDE's allocation of funding would be reduced.

Secondly, the bill states "federal funds appropriated either in the Budget bill or by Budget amendment to agencies and programs receiving funds for the purpose of clean energy and energy efficiency programs and projects, energy, housing, workforce development, pollution reduction, low-income energy assistance, transportation, and economic development shall be prioritized in a manner that provides funding to low-income communities under this section." This includes funds appropriated to the Department under program U00A07.01, which is the operating budget code for all of ARA. Therefore, under this bill, all federal funds appropriated in the Budget for ARA would be "prioritized in a manner that provides funding to low-income communities". ARA receives in excess of \$4.5M of federal funds in order to assist MDE in meeting its Clean Air Act obligations across most of ARA's programs. Those funds are Environmental Protection Agency program grant funds and cannot be redirected to other purposes. Therefore, the language in the bill under 1-703(E)(2) should apply that exempts any funding listed "to the extent that the requirement conflicts with federal law or regulations for that program or activity." However, if that interpretation is not correct, this provision would have an extremely significant fiscal impact on ARA's air quality work and could completely re-direct how funding is spent on air quality programs in the State.

Thank you for your consideration. We will continue to monitor, House Bill 1310 - *Clean Energy and Energy Efficiency - Investment in Low-Income Communities* and I am available to answer any questions you may have. Please feel free to contact me at 410-260-6301 or by e-mail at tyler.abbott@maryland.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Tyler Abbott", with a horizontal line extending to the left across the page.

Tyler Abbott

cc: George "Tad" Aburn, Director, Air and Radiation Administration