Maryland Energy Administration

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Mary Beth Tung, Director

TO:	Members, Senate Finance Committee
FROM:	Mary Beth Tung – Director, MEA
SUBJECT:	SB0148 – Maryland Coal Community Transition Act of 2021
DATE:	February 2, 2021

MEA POSITION: Letter of Concern

Senate Bill 148 would have significant fiscal impacts on MEA, likely leading to the diminution, consolidation, or elimination of existing MEA programs that are targeted, efficient, and effective. The proposed legislation will divert dwindling Strategic Energy Investment Fund (SEIF) resources from critical energy programs, like those targeted to benefit for low-to-moderate income (LMI) Marylanders and renewable and clean energy technologies to a new nonlapsing fund with duplicative purposes.

The Maryland Energy Administration ("MEA") supports the transition from dirtier fossil energy commodities to cleaner sources of electrical generation, as evidenced by its bevy of programs. However, this proposed legislation would divert $39,900,000 from the SEIF in the course of three fiscal years. Over the past several years, the General Assembly has approved mandated transfers from the SEIF for programs or initiatives outside of MEA. To put the impacts of these mandates in perspective, this year's budget analysis notes that MEA has a total FY22 allowance of nearly $68 million, but MEA programs have an allocation of only $16.4 million. Removing an additional $13.3 million annually from MEA will have significant and far reaching impacts on MEA programming.

The purpose of the considerable transfer from SEIF within the bill is to create a Fossil Fuel Community Transition Fund (Fund) within Maryland Department of the Environment (MDE). 30% of the Fund is to be used for "clean energy or energy efficiency projects". This is already the purpose of SEIF and the programs administered by MEA. This portion of the fund would only create inefficiencies by creating duplicative programs at MDE while reducing the efficacy of similar programs within MEA.

The remainder of funds under the bill would be used to supplement property tax revenue in certain counties and to fund jobs-training and apprenticeship programs. Under the Clean Energy Jobs Act of 2019, SEIF *already* funds such jobs preparedness programs within the Department of Labor. It is also worthy of mention that neither tax supplementation nor the redundant funding of existing jobs-training programs result in any reduction of greenhouse gas emissions whatsoever.

Despite the significant impacts that MEA would be subjected to under this bill (in the form of loss of programs or significantly diminished programmatic scope and efficacy), MEA would not sit on the Council that develops the plans for the Fund. Additionally, MEA was not consulted as a stakeholder prior to the introduction of the bill; though it is significantly affected by the scope and magnitude of the bill.

MEA urges the Committee to take this information under advisement when rendering its decision on how to report on Senate Bill 148.