



TO: Members, House Ways & Means Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: HB1322 - Operating Budget - Consolidated Transportation Program and Unanticipated Federal Funds
DATE: March 8, 2021

MEA POSITION: UNF

House Bill 1322 will risk tens of millions of dollars for the Maryland Energy Administration (MEA) in formula and competitive federal funding, slow Maryland’s economic recovery from COVID-19, delay infrastructure development and improvements, and put our state at a significant disadvantage in comparison to our neighbors in the mid-Atlantic region.

Under this bill, State Finance and Procurement § 7-217 would prevent the deployment of resources provided to the state and its agencies through the federal Infrastructure Investment Jobs Act (IIJA) through June 30, 2023. The only exceptions provided in the bill are for certain amendments approved by the Board of Public Works, funds that support the Consolidated Transportation Plan or that target the replacement of lead pipes (in certain circumstances) only if the funds are expended no later than June 30, 2023.

Under this language, **MEA will not be able to immediately deploy ~\$11 million in formula (non-competitive) funds while neighboring states will use similar funds and technical assistance to enhance energy resilience and security, advance state-led clean energy initiatives, and increase energy affordability.** About \$2 million for energy efficiency retrofits and upgrades would be constricted by this bill. This bill would delay the development of new programs, and the climate, energy and environmental benefits they would provide. Additionally, formula funds often come with requirements to expend the funds, or a portion thereof, within a limited amount of time. **Funds that are not expended in a timely fashion are often subject to reversion** back to the federal government.

Competitive grants will likely be adversely impacted by the limitations prescribed by the bill. Not unlike formula funds, competitive funding may have required timelines for expenditures. Moreover, **the fact that Maryland will not be deploying federal resources efficiently or expeditiously will likely make the state less competitive in comparison to other states or territories that are competing for the same pot of federal funding.** The competitive funds that are being risked through this illogical bill could easily equal tens of millions for MEA, and much, much more for the State of Maryland .

IIJA represents a significant opportunity for the state, and for MEA to jumpstart new initiatives that compliment its existing bevy of programs; programs that will expand MEA's ability to accomplish its mission to promote affordable, reliable, and cleaner energy that benefit all Marylanders.

Due to the forgoing reasons, MEA strongly urges the committee to issue an UNFAVORABLE REPORT.