

**KATIE FRY HESTER**  
*Legislative District 9*  
Carroll and Howard Counties

Education, Health, and  
Environmental Affairs Committee

Chair, Joint Committee on  
Cybersecurity, Information Technology  
and Biotechnology



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**THE SENATE OF MARYLAND**  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of SB813 - Income Tax - Calculation of Taxable Income -  
Investments in Sustainable Materials Management Projects**

March 10, 2022

Chairman Guzzone, Vice-Chair Rosapepe, and members of the Budget and Taxation Committee, thank you for your consideration of Senate Bill 813, which will expand Maryland's investment in the sustainable materials sector.

In order to meet Maryland's climate goals, we must foster sustainable materials management within our state. We still generate waste in the state of Maryland - however, we have started to view that waste for what it is: a resource out of place. Sustainable materials management means using these resources as efficiently as possible throughout their entire life cycle, and studies frequently demonstrate that diverting material from disposal to reuse, recycling, or composting results in more jobs and a more resilient local economic system. New and emerging technologies have provided us the opportunity to recover more energy, nutrients, or value out of waste, and the opportunities for public-private partnerships to capitalize on this moment are vast.

Utilizing sustainable materials in the construction process or in consumer goods manufacturing is a powerful way to decrease our environmental impact; however, the upfront costs of developing, scaling, and implementing sustainable materials are a significant obstacle. To this end, SB813 expands our economic development initiatives in the sustainable materials industry by creating a tax incentive similar to that of opportunity zones for investments in projects such as:

- Facilities for materials recovery or solid waste sorting,
- Equipment and facilities for paper pulping or plastic washing, flaking, or pelletizing,
- Construction of anaerobic digestion equipment and facilities that process organic waste
- Facilities and equipment for recycling textile, electronic waste, batteries, and glass, and

- Construction or installation of equipment or facilities that convert feedstock into economically beneficial profit

This tax deduction on capital gains income from investments in sustainable materials will simultaneously facilitate the domestic development of innovative products and help us to meet our climate goals. Today you will hear from some forward-thinking businesses in this space, and how this tax plan would enable them to continue to grow and expand in the state of Maryland.

**For these reasons, I respectfully request a favorable report on SB813.**

Sincerely,

A handwritten signature in black ink that reads "Katie Fry Hester". The signature is written in a cursive, flowing style.

Senator Katie Fry Hester  
Carroll and Howard Counties