BDC - 2022 - SB 813 - Sustainable Management Proje

Uploaded by: Aaron Greenfield

Position: FAV

To:	**Budget & Taxation Committee**
From:	**Bioenergy Devco**
Subject:	**Senate Bill 813, Income Tax – Calculation of Taxable Income – Investments in Sustainable Materials Management Projects**
Position:	**Favorable**
Date:	**March 10, 2022**

Bioenergy Devco supports Senate Bill 813, Income Tax – Calculation of Taxable Income – Investments in Sustainable Materials Management Projects.

Bioenergy Devco (BDC) is a world leader in the finance, design, construction, engineering, and operation of anaerobic digestion facilities. With more than 240 anaerobic digestors built throughout the world, our team of engineers, biologists, chemists, agronomists, designers and marketing experts has over 20 years' experience in the finance, design, construction and operation of anaerobic digestor power plants and thus offers expertise in service, consultation and biological support with insured and guaranteed operation of each plant. We are proud to call Maryland our United States home.

This bill allows a subtraction modification under the Maryland income tax for capital gains invested in or realized from a sustainable materials management project, as defined in the bill. Specifically, for a taxable year in which a taxpayer realizes capital gain income from an investment that was made on or after July 1, 2020, in a sustainable materials management project in the state, the subtraction is one-third of the capital gains if the investment is held in the project for a period of at least 5 years but less than 7 years. If the capital gain income is realized from an investment held in the project for a period of at least 7 years but less than 10 years, the subtraction is two–thirds of the capital gains or if the capital gain income is realized from an investment held in the project for at least 10 years, 100% of the capital gain income.

Sustainable materials management projects construction is not just about the creation of a building that has a low environmental impact; it is a new approach oriented around the concept of impact investing where each project creates a real demonstrable difference in how these building initiatives improve the way people live and build. The advantages include several key benefits important to delivering on the promise of the circular economy including environmental, financial and social impact.

Bioenergy Devco is committed to sustainable materials management as demonstrated by our vast network of anaerobic digestors throughout the world. In fact, we are commissioning an anaerobic digester, located on the Maryland Food Center campus. This is a public-private partnership that began with a land lease with the State and was approved by the Board of Public Works in February 2018. This project represents a $50 million capital investment in the state's green infrastructure and will

create approximately 30 – 50 full-time jobs including construction and long-term maintenance and operation jobs. Importantly, the anaerobic digester will address the state's growing organic waste challenges and associated greenhouse gas emissions (GHGs) from landfills and incineration. The American Biogas Council estimates that constructing anaerobic digestion facilities to meet Maryland's clean energy potential would generate as much as $507 million in capital investments, 4,222 new construction jobs, and 280 permanent jobs.

If enacted this would have a substantial benefit to the long-term operation of BDC's facility and incentivize long term investment in similar sustainable material management projects. This additional capital will allow BDC to expand operations and maximize the environmental and economic benefits to the state of Maryland.

For these reasons, Bioenergy Devco respectfully requests a favorable report on Senate Bill 813.

For additional information, please contact Aaron J. Greenfield at 410.446.1992

SB813 sponsor testimony.docx (1).pdf
Uploaded by: Katie Fry Hester
Position: FAV

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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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.

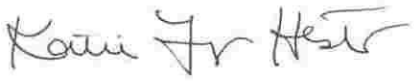
Utilizing sustainable materials in the construction process or in consumer goods manufacturing is a powerful way to decrease our environmental impact; however, the upfront costs of developing, scaling, and implementing sustainable materials are a significant obstacle. To this end, SB813 expands our economic 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,

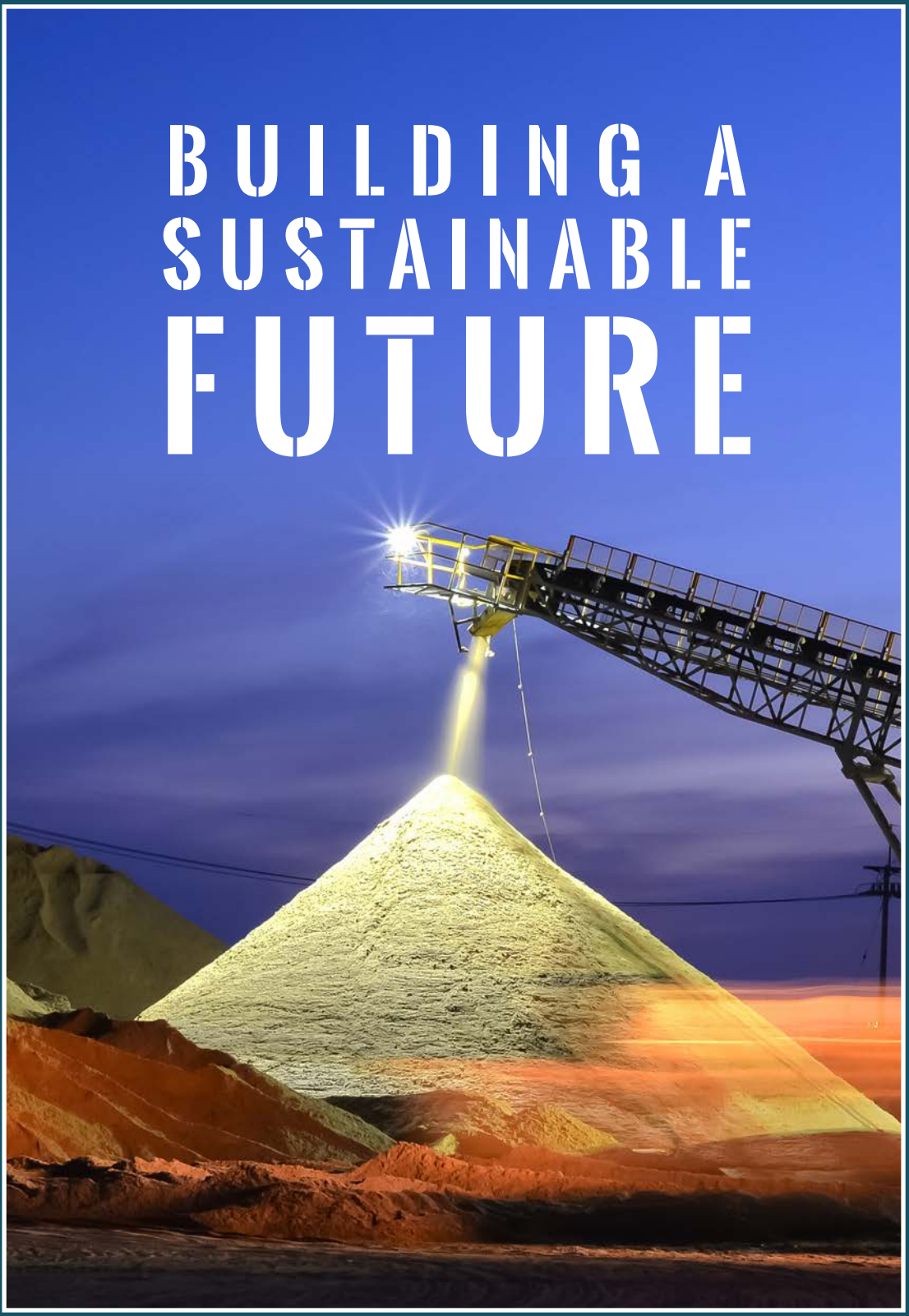


Senator Katie Fry Hester
Carroll and Howard Counties

Repurpose Aggregates Brochure.pdf
Uploaded by: Miguel Lambert
Position: FAV

REPURPOSE AGGREGATES

BUILDING A SUSTAINABLE FUTURE



A NEW OPPORTUNITY FOR THE AGGREGATE INDUSTRY

REPURPOSE AGGREGATES

Waste is a byproduct of life that needs to be dealt with proactively; not buried and neglected to become a future problem.

Repurpose Aggregates serves the Mid-Atlantic construction industry by offering a destination for certain unused or unwanted materials from construction, demolition, and excavation (CDE) activities (e.g., concrete, brick, dirt, etc.). Once we accept this CDE material from local construction and development projects, our state-of-the-art recycling facility processes and repurposes it. It is then reusable in the industry as a substitute for virgin aggregate materials.

By partnering with the public and private sectors, we invest in best-practice technologies and sustainable solutions. These systems help reduce environmental degradation and CO2 emissions to protect the planet for future generations.

Current Aggregate Production & Uses

Concrete has three basic components: cement, water and aggregate, combined in slightly different proportions. Every year, people use some 50 billion tons of "aggregate"—the industry term for sand and gravel, which tend to be found together. **The more virgin aggregate we extract from ecosystems today, the larger the problem we're creating.**

INDUSTRY SNAPSHOT

Life Cycle Stage	MATURE
Revenue Volatility	VERY HIGH
Barriers to Entry	HIGH
Competition Level	HIGH
Technology Change	LOW
Carbon Emissions	HIGH

Source: Kalyani, Darshan. Sand & Gravel Mining in the US. IBISWorld Industry Report, 31 July 2017.

Did You Know?

Virgin aggregate is being extracted faster than it can be replaced.

Sand and gravel make up the most extracted group of materials, exceeding even fossil fuels.

Sand is the most-consumed natural resource on the planet besides water.

Construction sand makes up 60.2% of the overall demand of the industry.

The built environment is responsible for 58% of global greenhouse gas emissions.

Concrete is the most widely used man-made material in existence.

Cement is the source of about 8% of the world's carbon dioxide (CO2) emissions.

To meet the requirements of the Paris Agreement on climate change, annual emissions from cement will need to decrease by at least 16% by 2030.

Concrete production has increased more than thirtyfold since 1950 and almost fourfold since 1990.

SAND: MYTH VS. REALITY

MYTH: SAND IS CHEAP. FALSE

Reality: Sand might be inexpensive at first glance, but in the long run, it is unlikely to stay that way. Because of its critical role in construction, the price of sand has quintupled in the past 30-40 years. The location of a quarry or mine can significantly influence the price of products. The level of competition within local markets is considered to be intense and the trend toward the consolidation of ownership has heightened industry competition in the past decade. Also, the high transport costs associated with this product severely limit the economic efficiency of transporting stone products long distances.

MYTH: SAND IS READILY AVAILABLE. FALSE

Reality: Sand can be found on almost every country on Earth, blanketing deserts and lining coastlines around the world. But not all sand is useful. Desert sand grains, eroded by the wind rather than water, is too smooth and rounded to bind together for construction purposes. Dubai, which sits on the edge of an enormous desert, imports sand from Australia. The sand that is highly sought after is more angular and can lock together. We never thought we would run out of sand, but it is starting to happen in some places.

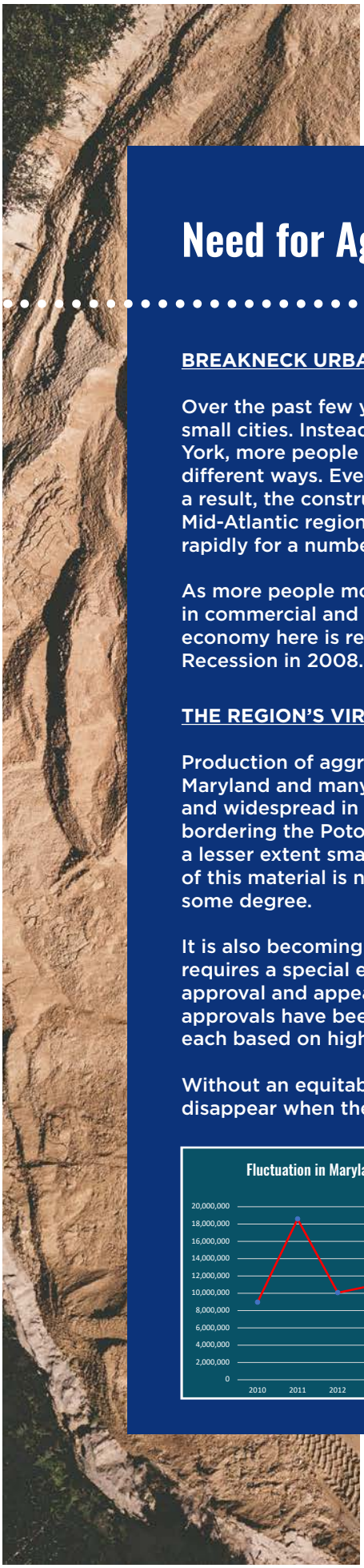
MYTH: SAND IS INFINITE. FALSE

Reality: The global rate of sand use — which has tripled over the last two decades partially as a result of surging urbanization — far exceeds the natural rate at which sand is being replenished by the weathering of rocks by wind and water.

MYTH: SAND MINING IS HARMLESS. FALSE

Reality: Extraction of sand and gravel from active sources causes great environmental, social and economic harm.

It is typically sourced and extracted from seabeds, coastlines, quarries and rivers around the world. Ocean dredging has damaged coral reefs in Kenya, the Persian Gulf and Florida. It tears up marine habitat and muddies waters with sand plumes that can affect aquatic life far from the original site. Mining pocks the sand, speeding erosion along waterways. With most of the sediment gone, water depth and velocity are rapidly changing on a global scale. Increased erosion from sand mining makes coastal areas more susceptible to flooding, and may lead to the contamination of drinking water by sea salt.



Need for Aggregate in Mid-Atlantic Region

BREAKNECK URBANIZATION IN THE MID-ATLANTIC

Over the past few years, we've seen populations soar in what used to be considered small cities. Instead of gravitating to larger metropolitans like Los Angeles and New York, more people are finding places like Washington D.C. and Baltimore appealing in different ways. Even surrounding suburban areas are seeing population increases. As a result, the construction industry in the Mid-Atlantic region of the US is booming. The Mid-Atlantic region-- specifically Washington DC, Maryland, and Virginia -- is growing rapidly for a number of reasons. Chief among them is affordability.

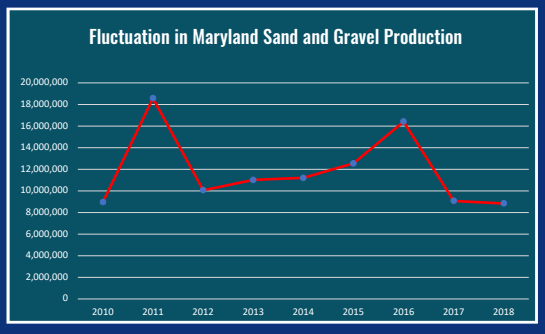
As more people move into the DC, Maryland, Virginia region, the numbers and trends in commercial and residential development match the population growth rate. The economy here is relatively stable, as it was the first to bounce back after the Great Recession in 2008. The area is also home to top-notch education and transit systems.

THE REGION'S VIRGIN AGGREGATE SOURCES

Production of aggregate is currently the major mineral industry in Southern Maryland and many other parts of the region. Sand and gravel are most abundant and widespread in the upland deposits and to a lesser extent in the lowland terraces bordering the Potomac and Patuxent Rivers. Medium to coarse-grained sand, and to a lesser extent small gravel, is locally distributed in the Lowland Deposits, but much of this material is near or below the water table, diminishing its economic potential to some degree.

It is also becoming harder to access. Approval for new sand and gravel operations requires a special exemption from regional zoning boards, following a multi-year approval and appeals process. In one key suburban county, for instance, only two such approvals have been given in 20 years, with a predetermined lifespan of about 15 years each based on high-demand.

Without an equitable, sustainable solution, the region's supply of aggregate will disappear when the mining of virgin aggregates becomes impossible.



Years	2010	2011	2012	2013
Tons	8,961,792	18,590,628	10,068,097	11,016,882

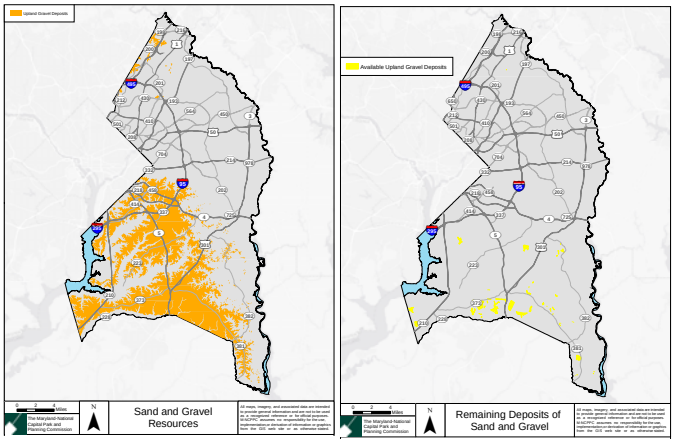
2014	2015	2016	2017	2018
11,203,202	12,548,415	16,416,819	9,073,568	8,842,635

Source: "Sand and Gravel Mining in Prince George's County Past, Present, and Future" by the Maryland-National Capital Park Planning Commission

Zoom In On:

Prince George's County, Maryland

A REGIONAL CASE STUDY



Map 1 (Left): The original range of sand and gravel resource deposits in Prince George's County. Map 2: The approximate locations of remaining deposits sand and gravel with mining potential.

Prince George's County is key to both Maryland and D.C. for development, jobs, and building materials. It has consistently been second in the state for sand and gravel mining production.

The County produced 15,274,693.61 tons of sand and gravel in the 2010's, placing it second of 19 counties in the state.

As of 2018, the Prince George's County Planning Department staff had identified only about 20 remaining potential sand and gravel mining sites, covering about 1,180 acres. This acreage could theoretically be mined in approximately 8 to 20 years.

The contrasting graphics to the left clearly display the limited future potential of virgin aggregates in this area, highlighting the larger trends of the region in terms of dwindling mining resources that would be close enough to be economically practical.

A VISION FOR CLIMATE LEADERSHIP

The construction industry is approaching a point where alternative materials will be more widely adopted due to market demand, innovative technologies, and wider concern for climate change. Across the country we are seeing the real goal of creating sustainable, zero-emissions infrastructure. What better place to demonstrate what is possible than in the communities surrounding our nation's capital?

The District's "Sustainable DC Plan," a vision for sustainable initiatives in D.C., has a stated goal of making the District the healthiest, greenest and most livable city in the U.S. by 2032.

The U.S. Green Building Council's annual list of the top states for green building once again puts Maryland and Virginia in the top 10, and if D.C. were a state, it would easily rank as No. 1.

"The Mid-Atlantic continues to show strong regional leadership, with both Maryland and Virginia returning to the list for the seventh year running," the Green Building Council said. Further initiatives such as sustainable aggregates will only further this initial success.

REPURPOSE AGGREGATES

At Repurpose Aggregates, we strive to change the perception of the leftover or discarded material from CDE activities typically regarded as unusable or unwanted (e.g., concrete, brick, dirt, etc.). We consider the impact of everything that we do and work to deliver a positive outcome to our customers, end-users, the community, and various other stakeholders. We believe in sustainability and the notion of doing well by doing good.

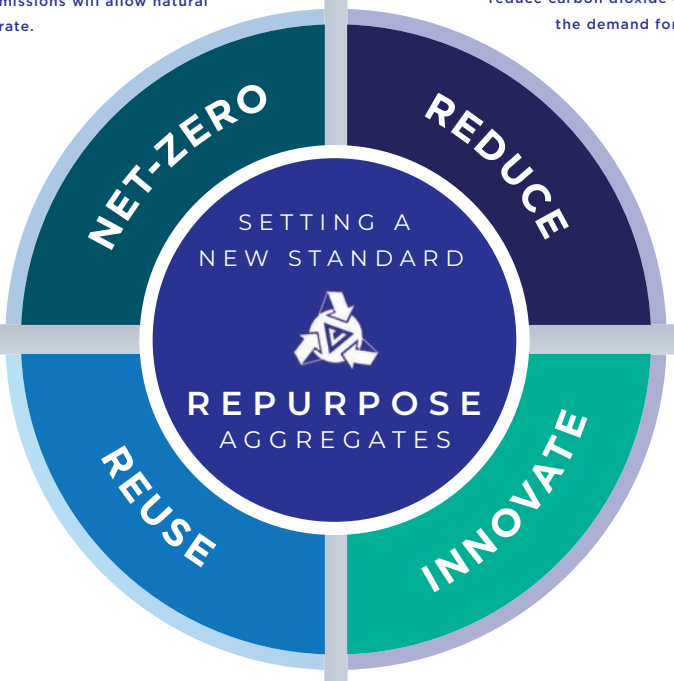
Repurpose Aggregates is a product of Harford Minerals and will be an extension of Harford Minerals' mission: creating a new sustainability and innovation-focused ecosystem within the aggregate industry.

A CIRCULAR ECONOMY

A system that is designed to keep products and materials in use while eliminating waste and reducing carbon emissions will allow natural systems to regenerate.

EFFICIENT MATERIALS

Cutting the amount of concrete required in new structures and building materials would reduce carbon dioxide output and lessen the demand for virgin aggregate.



PREMIUM RECYCLING

Sand can now be processed so that a recycled material is the same quality and consistency as virgin aggregate, creating an equitable replacement.

FIRST MOVERS

Our engineers are actively working at the forefront of research & development for the aggregates industry with the addition of key partnerships.

REPURPOSE AGGREGATES TIMELINE

1965

Harford Minerals was founded as Harford Industrial Sands, and earned a reputation for its specialization in supplying sand to the golf course industry. Over the years, the company shifted its focus to heavy industrial reclamation and recycling.

2014

Under new ownership, Harford Minerals made renewed investments in concrete recyling operations, becoming one of the largest industrial recycling campuses in Maryland.

2020

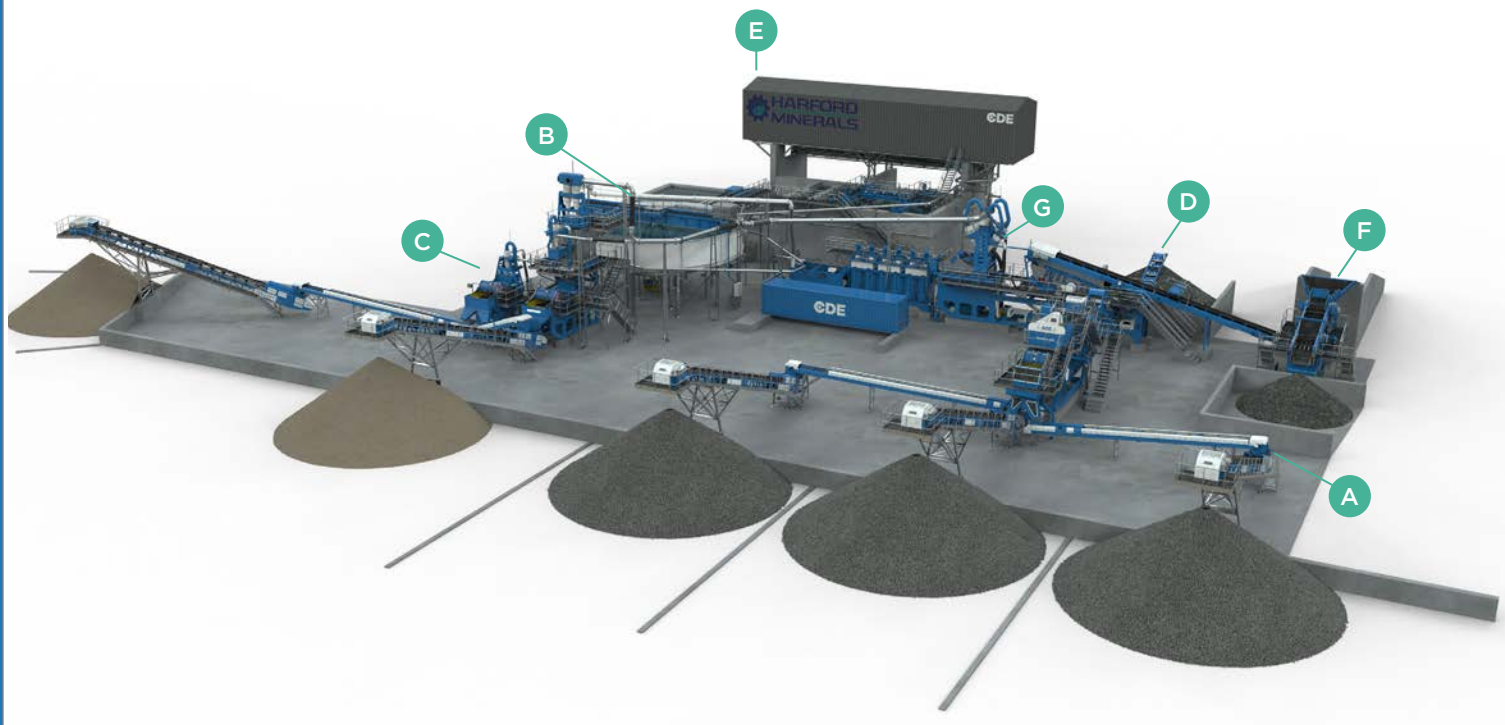
Harford Minerals began conversations to establish an ongoing public-private partnership with the Maryland Port Administration, which has been springboarded by a grant in January 2021 to begin testing dredge material from the Port of Baltimore for innovative reuse in the aggregates and concrete industries.

2021

Harford Minerals announced its partnership with CDE Global, with whom Harford MInerals developed a wet processing plant to expand recycling and reuse operations. With completion of the plant at the end of 2021, Harford became the first organization in the region to create a new life cycle for industrial sand & aggregates.

2022

Plant operations are in full effect, producing materials that represent the newest venture for Harford Minerals: Repurpose Aggregates, a sustainable line of sands, stones, clay, top soil, bricks, and blocks that will expand sustainability best practices in the Mid-Atlantic region.



Harford Minerals & CDE Global

Harford Minerals, the producer of Repurpose Aggregates products, invested in CDE Global's wet processing technology in 2021. CDE Global has been co-creating with customers for nearly 30 years to complete over 2000 installations world-wide.

Harford Minerals' plant will produce washed coarse and fine sands as well as various sized, multipurpose aggregates. As the plant can be adjusted, the final product output can be fine-tuned to meet the market's needs and customers' own specifications.

Harford Minerals is the first company in the region with the capacity to recycle sand & other aggregates for reuse in construction. With the investment in a new wash plant that will recycle aggregate materials, Harford Minerals will be able to provide a sustainable source of building material for future developments. These materials have consistently tested at the same quality as virgin aggregate, while creating a source of material with less volatility than the current market leaders. It has the added benefit of diverting materials from landfills, a major step in improving climate change.

To learn more about Repurpose Aggregate's partners:
www.harfordminerals.com
www.cdeglobal.com

A
AggMax™ Scrubbing & Classifications System
Combines feeding, scrubbing, sizing and trash removal on a compact chassis to maximize product yield

B
AquaCycle™ Primary Stage Water Management
Recycles up to 90% of the process water for immediate re-use in the system

C
EvoWash™ Sand Classification & Dewatering System
Patented fine material washing and refinement, ready for market straight off the belt

D
M-Series™ Integrated Washing Solution
Screening and classification designed and built for maximum return on investment

E
Plate Press Filtration System
Dewatering minimizes waste and recycles up to 95% of process water to deliver maximum plant efficiency

F
R-Series™ Primary Feeding System
Feed conditioning system with primary scalping screens handles difficult materials

G
CFCU Density & Sizing Classification System
A unique sand classification system that maintains precise control of material cut point

A Closer Look at Our Industry-Leading Wash Plant

THE CLEAR ADVANTAGE

REGIONAL PROXIMITY

Centrally located to the region, Harford Minerals is quickly accessible from all parts of the Mid-Atlantic for convenient delivery of material.

STEADY PRODUCTION

Repurpose Aggregates has a unprecedented level of consistency without the complications or unpredictability of virgin aggregate mining.

RELIABLE PRICING

With a reliable and inexpensive source material, recycled aggregate promises to have less volatility in pricing than virgin aggregate.

Repurpose Aggregates benefits from the experience of an expert leadership team that creates strategic collaborations in the private and public sectors.

PROVEN PARTNERSHIPS

RESPONSIVE SERVICE

A commitment to service helps Repurpose Aggregates meet customers' needs more efficiently and more effectively than ever before.

The newest technologies allow Repurpose Aggregates to bring new products to the region and stay at the forefront of industrial sustainability.

INNOVATIVE TECHNOLOGY

REPURPOSE AGGREGATES

A PRODUCT OF HARFORD MINERALS

40 Fort Hoyle Road,
Joppa, MD 21085

info@harfordminerals.com

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Repurpose Aggregates SB0813 Letter of Support 3-9-

Uploaded by: Miguel Lambert

Position: FAV

REPURPOSE AGGREGATES

Repurpose Aggregates
40 Fort Hoyle Road
Joppa, Maryland 21085

March 9, 2022

Re: Senate Bill 813 (SB0813 - Senator Hester and Edwards)

Dear Maryland State Senate Budget & Taxation Committee,

Thank you Chair Guzzone, Vice Chair Rosapepe, and members of the Senate Budget & Taxation Committee for your consideration of Senate Bill 813 - Income Tax - Calculation of Taxable Income - Investments in Sustainable Materials Management Projects. Repurpose Aggregates is supportive of this legislation.

Businesses throughout our state are currently facing great economic hardship, from trucker shortages to skyrocketing prices of fuel and raw materials. Considering this challenge, now is the perfect time for Maryland to set the standard for sustainable alternatives to natural resource consumption.

The key to expediting the success of sustainability projects in Maryland is providing investors with financial incentives for supporting manufacturing projects that help reduce environmental degradation and CO2 emissions to protect the planet for future generations. This bill seeks to provide a deduction for capital gain income invested in or realized from environmentally driven initiatives.

At Repurpose Aggregates, during the height of COVID-19 pandemic in 2020, we began construction of the nation's second-ever CDE waste recycling wash plant. Located on Harford Minerals' campus in Joppa, Maryland, this state-of-the-art facility is one month away from operation, where it will transform used construction, demolition, and excavation materials into reusable aggregate (sand, stone, and brick). Initiatives such as ours, dedicated to sustainable materials management and reduced natural resource use, need Maryland's support.

Legislative support for this emerging category of environmental impact investing will attract new capital to the state, opening the door for greater expansion, job creation, and avenues into a circular economy. **For these reasons, Repurpose Aggregates requests a favorable report on Senate Bill 813.**

Thank you for your time and consideration.

Sincerely,

Miguel Lambert
CEO

SB0813-BT_MACo_OPP.pdf
Uploaded by: Kevin Kinnally
Position: UNF

MARYLAND Association of COUNTIES

Senate Bill 813

Income Tax – Calculation of Taxable Income – Investments in Sustainable Materials Management Projects

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: March 10, 2022

From: Kevin Kinnally

Tax Incentives and Local Government Autonomy

Counties are eager and committed partners in promoting economic growth and creating opportunity – and prefer local autonomy in determining the best way locally. The Maryland Association of Counties (MACo) opposes state-mandated reductions in local revenue sources, but county governments welcome flexible and optional tools to serve and react to local needs and community priorities.

The General Assembly routinely considers broad or targeted tax incentives to stimulate economic growth, encourage beneficial activities, or attract and retain residents. These proposals sometimes focus exclusively on the state's tax structure, but often extend to local revenues as well.

In general, MACo stands for local self-determination. Counties, led by locally elected leaders directly accountable within the communities they serve, are best positioned to govern local affairs – ranging from land use to fiscal matters. MACo steadfastly guards this local autonomy and consistently advocates against one-size-fits-all policies that override local decision-making.

State tax incentives should be enacted as "local option" offerings to allow counties maximum flexibility in tailoring local policies to meet local needs and priorities. The State and its local governments already work together here – where the State routinely grants a state-level property tax credit, but then enables county governments to enact their own as a local option.

MACo urges the Committee to primarily consider state income tax credits as the best means to incorporate local tax relief as part of a broader policy. MACo and county governments stand ready to work with state policymakers to craft flexible and optional tools to deliver broad or targeted tax incentives, but resist state-mandated changes that preclude local input.