



February 15, 2022

Senate Bill 528: Climate Solutions Now Act of 2022
SUPPORT with AMENDMENT

Chairman Pinsky and Members of the Committee:

The Climate Access Fund supports SB 528, Climate Solutions Now Act of 2022, with amendments. We thank Chairman Pinsky for his leadership on this bill.

My name is Lynn Heller. I'm the founder and CEO of the Climate Access Fund, a statewide nonprofit Green Bank that is focused on reducing the electricity bills of low-income households through access to community solar. The Climate Access Fund uses low-cost debt and a guaranty fund to incentivize community solar developers and their investors to serve more low-income households than they otherwise would. For the record, I am also honored to serve a Board Chair of the Maryland League of Conservation Voters.

The Climate Access Fund supports the Climate Solutions Now Act because we believe climate change is an urgent threat to Marylanders and the state needs to take action to reduce its impacts, especially in underserved and overburdened communities. SB 528 includes many important provisions aimed at reducing greenhouse gas emissions, creating jobs, improving the economy, and making our communities more resilient in the face of climate impacts, but I will focus my testimony on two specific provisions in the bill: the creation of a Climate Catalytic Capital Fund and the personal property tax exemption for certain community solar projects.

The Climate Catalytic Capital Fund

The Climate Catalytic Capital Fund (CCC Fund) would allocate funds for three years to the State's existing Green Banks. Green Banks are financing institutions that leverage private capital investment to accelerate the adoption of clean energy and energy efficient technologies, products and services. Maryland currently has two statewide Green Banks: the Maryland Clean Energy Center (MCEC), which finances the deployment of existing clean energy technologies and supports the commercialization of new technologies, and the Climate Access Fund (CAF), which focuses exclusively on clean energy access in low- to moderate- income (LMI) communities. Maryland's third Green Bank, the Montgomery County Green Bank, serves Montgomery County businesses and residents.



The Climate Access Fund supports the creation of the CCC Fund with the following three amendments:

- (1) Require Low- to Moderate- Income Benefit.** Require that 40% of the annual allocation be reserved for technologies, products or services that benefit low- to moderate-income communities, with a caveat that if there are not sufficient applications to MCEC for funding in that category, the funds will not be left unspent. As we have seen with the state's Community Solar Pilot Program, the private sector will not invest in LMI communities unless financial incentives are available. If we are serious about our commitments to environmental justice, we must do what it takes to attract private capital so that already overburdened communities also benefit from the clean energy economy.
- (2) Invest in the Climate Access Fund.** Require that 10% of the annual allocation go to the Climate Access Fund, one of the state's two statewide Green Banks along with MCEC, and the only Green Bank that focuses exclusively on clean energy equity. As currently written, SB 528 allows for MCEC to provide grants to other Green Banks, but it is not required to do so.
- (3) Increase Annual Allocation.** Increase the annual allocation from \$5 million to \$15 million a year. If the state is serious about fighting climate change, we must do more to accelerate our investment in clean energy. The Montgomery County Council recently passed a law allocating an estimated \$18 million per year in perpetuity for the Montgomery County Green Bank to deploy in Montgomery County alone. An allocation of \$5 million a year to accelerate clean energy deployment in the rest of the state is far too little given the scale of the climate problem.

Personal property tax exemption – community solar

The Climate Access Fund supports the personal property tax exemption for certain community solar systems that serve LMI customers. This tax exemption would encourage solar generation in communities that are burdened by environmental pollutants and help provide financial assistance to those LMI households. It is a win-win-win (environmental, economic, social) for the state.

Maryland's community solar pilot program is entering its fifth year. Most community solar projects that are either operating or in development serve market-rate customers and are located on 10-12 acres of open land. Projects serving majority low-income customers, and projects located on land that has already been developed (rooftops and parking lots) tend to cost more and typically don't benefit from the economies of scale that large land-based projects do.



The Climate Access Fund is working to change that. We raise below-market debt, guaranty capital, and other types of financing from public and philanthropic sources (including the Maryland Energy Administration). We offer attractive financing to solar developers to incentivize the expansion of discounted clean energy for low- to moderate- income (“LMI”) customers across the state.

The Climate Access Fund is focused in particular on developing rooftop projects located in or near underserved communities. We’re currently working on a project located on the rooftop of a school in East Baltimore. Students’ families (as well as faculty and staff at the school) who qualify as LMI will receive a 25% discount on their electricity bills, and will be given an opportunity to share in the ownership of the solar asset itself. The project also has a job training and an education component.

This kind of local participation and ownership works best when a project is located in the community it serves. Yet even with the Climate Access Fund’s flexible capital, this rooftop project may not be possible without the proposed personal property tax exemption included in SB 528. The project’s margins are simply too thin to withstand the tax. The financial benefits that this project and others like it across the state can bring LMI families -- by leveraging private capital -- are significant. We estimate that the electricity bill savings alone generated by the school project would amount to \$35,000 a year for 175 LMI households (a total of \$1.6 million over a generation), whereas the foregone personal property tax would be roughly \$9,000 a year. The benefits to the local jurisdiction would be almost four times the cost.

Please note that the personal property tax exemption for this specific type of community solar project is also included in SB 264, in support of which the Climate Access Fund also testified.

The Climate Access Fund urges a favorable report on SB 528, with the amendments outlined above.

Thank you for your consideration.

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