



January 19, 2022

**SUPPORT House Bill 76: Community Solar Energy Generating Systems – Exemption from Personal Energy and Property Tax**

Chair Atterbeary, Vice Chair Washington, and Members of the Committee:

The Climate Access Fund strongly supports HB 76, and we thank Delegate Smith for her leadership on this issue.

My name is Lynn Heller. I'm the founder and CEO of the Climate Access Fund, which is 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 does two things: (1) we raise low-cost financing to incentivize community solar developers and their investors to serve more low-income households than they otherwise would; and (2) we develop community solar projects on developed land that serve low- to moderate- income ("LMI") households.

The Climate Access Fund supports HB76 because we believe climate change is an urgent threat to Marylanders and the state needs to take action to reduce its impacts, especially on underserved communities. The proposed personal property tax exemption will encourage solar generation in communities that are burdened by environmental pollutants and help provide financial assistance to those LMI households. It is truly a triple-win scenario (economic, social, and environmental) for the state.

As many of you know, Maryland's community solar pilot program is in its fifth year, though due to a variety of delays, many projects are just now coming online. Most of these projects serve market-rate customers and are located on 10-12 acres of open land, because project economics work best in these scenarios. Projects serving majority low-income customers, and projects located on land that has already been developed (rooftops, parking lots, landfills, etc.) tend to cost more and typically don't benefit from the economies of scale that large ground mounted projects, serving market-rate customers, do.

The Climate Access Fund is trying 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 this attractive financing to solar developers who are committed to expanding community solar access to low- to moderate- income ("LMI") communities across the state and who meet our bill savings requirements.

The Climate Access Fund also develops rooftop projects located in or near underserved communities. We are currently working on a project located on the rooftop of a school in East Baltimore. This project – which CAF hopes will serve as a model for similar projects across the state – is unique in several ways: (1) low-income families in the community who sign up for the



project will receive a 25% discount on their electricity bills; (2) unlike most community solar projects which are owned by a for-profit company, this project will have shared ownership, with the intent to provide members of the community the opportunity to invest in the solar system itself and build wealth over time; and (3) the project will create job training and education opportunities.

This kind of local participation, ownership, job training and education works best when a project is located in the community. 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 HB 76. The project's margins are simply too thin to withstand all current costs. While a personal property tax exemption alone will not solve all challenges associated with developing these projects, it is a concrete – and significant – step in the right direction.

The financial benefits that this project and others like it across the state can bring LMI families are significant. We estimate that **175 LMI households** will save \$200 per year (\$35,000 annually for all households) over 35 years, for a total of **\$1.2 million** in savings over the lifespan of the solar project. One can reasonably assume that the majority of these savings would be reinvested in the local economy.

By contrast, we estimate that the personal property tax for the East Baltimore project would bring in one-third as much revenue to Baltimore City on an annual basis (\$11,000). And because Baltimore City's personal property tax rate is the highest in the state, the net economic benefit of these projects to other jurisdictions would be even greater than it would be in Baltimore.

It is important to note that in terms of fiscal impact, because these projects do not yet exist, the requested exemption would not cause a reduction in existing tax revenue, but rather foregone potential future revenue. And as stated above, subscribers' bill savings alone would bring at least 3 times as much revenue to lower wealth communities than the foregone tax would bring to the local jurisdiction – not to mention the wealth creation, job training and education brought to the community.

The benefits of these projects to LMI families and their communities across the state, over a generation, would be substantial.

The Climate Access Fund urges a favorable report on HB 76. Thank you.

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