Maryland Energy Administration

TO: Chair Wilson, Vice Chair Crosby, and members of the Economic Matters Committee
FROM: MEA
SUBJECT: HB 660 - Green and Renewable Energy for Nonprofit Organizations Loan Program and Fund
DATE: February 8, 2024

MEA Position: FAVORABLE WITH AMENDMENTS

House Bill 660 would create a revolving loan fund within the Maryland Energy Administration (MEA) to benefit nonprofits that install renewable energy assets.

The Green and Renewable Energy for Nonprofit Organizations Loan Program (Program) would create greater opportunities for nonprofits to finance renewable geothermal or solar energy systems. Additionally, the Program applicants can simultaneously apply for other, complimentary State and federal programs.

The structure of the Program is based largely on the Jane E. Lawton Loan Program, already housed within MEA. These similarities will likely result in some operational inefficiencies that will limit the bill's effects on MEA operations and expenses. MEA initially plans to ramp-up lending over a yet undetermined course of time that will allow it to operate as a revolving loan fund; only requiring future injections of capital for the expansion of the program.

To the extent that the Strategic Energy Investment Fund or "SEIF" is used to fund the program in the future, it is likely that the expenditure will have an impact on other MEA programs.

MEA is offering four (4) amendments on the following page that can be described as corrective or even technical. The amendments will provide clarity as to who may legally bind a nonprofit to a Program loan, alter the metric used to define priority applicants, clarify that MEA has the freedom to set requirements for borrower assurances and delay any fiscal impact until the program is funded.

For the foregoing reasons, MEA urges the committee to issue a **favorable report as amended**. For questions or additional information, please contact Landon Fahrig directly at landon.fahrig@maryland.gov or 410.931.1537.

Amendment No. 1 better defines who may commit a nonprofit to a loan.

<u>AMENDMENT NO. 1</u>

On page 3, strike beginning with the second "**THE**" in line 19 down through "**OF**" in line 20 and substitute "<u>**AN AGENT WITH THE LEGAL AUTHORITY TO BIND**</u>".

Amendment No. 2 ties the metric used to determine program priority to a number that is required in the annual federal tax filing for nonprofits.

<u>AMENDMENT NO. 2</u>

On page 4, in line 10, strike "**AN ANNUAL BUDGET**" and substitute "<u>**TOTAL REVENUE**</u>".

Amendment No. 3 clarifies that other assurances may be required by the Administration in addition to a promissory note and a plan for repayment.

<u>AMENDMENT NO. 3</u>

On page 4, in line 30, after "**REPAYMENT**" insert "<u>**AND ADDITIONAL ASSURANCES AS REQUIRED BY THE ADMINISTRATION**</u>".

Amendment No. 4 delays the need for MEA to acquire additional staff and create a program prior to the program receiving an appropriation.

<u>AMENDMENT NO. 4</u>

On page 6, in line 19, strike "on or before July 1, 2025" and substitute "<u>subject to an appropriation under State Government Article 9-2107(e), on or before July 1, 2026</u>".