

OPPOSE
Economic Matters
1/23/2025

House Bill 81 - Real Property - Condemnation - Compensation for Farm and Agricultural Property (Protect Maryland Farm Lands Act)

Baltimore Gas and Electric Company (BGE) opposes *House Bill 81 – Real Property - Condemnation - Compensation for Farm and Agricultural Property*. This bill mandates compensation of 350% of the highest appraisal value for properties actively used for farming or agricultural purposes when acquired through condemnation for the construction or maintenance of a transmission line. The legislation applies retroactively to condemnation proceedings initiated on or after January 1, 2024.

As a utility providing electricity to 1.3 million customers and natural gas to more than 700,000 customers in Central Maryland, BGE is concerned this legislation would economically disadvantage Maryland ratepayers, impede progress in addressing regional resource adequacy challenges, and jeopardize the State's climate goals.

BGE opposes this legislation for several reasons.

First, the Fifth Amendment of the U.S. Constitution states private property can't be taken without compensation. Fair market value has been the long-established basis for determining just compensation in eminent domain cases. *House Bill 81* goes against established state and federal laws for these proceedings. Additionally, *House Bill 81* applies retroactively to condemnation proceedings initiated on or after January 1, 2024. This retroactive application could violate the Fifth Amendment's Takings and Due Process clauses of the Constitution.

Further, *House Bill 81* requires the State Department of Assessments and Taxation (SDAT) to determine if a property is "actively used for farm or agricultural purposes" under § 8-209 of the Tax-Property Article. The bill in effect allows diverse property uses to qualify as agricultural, potentially extending the elevated fair market value premium requirement beyond traditional farming. Landowners with conservation easements could advocate for similar valuation, decreasing the likelihood of transferring property ownership for critical transmission projects. In fact, if *House Bill 81* were enacted customers would likely voluntarily establish conservation easements for their property.

The bill would set a precedent allowing other property owners facing condemnation for utility projects to demand similar premiums. This could result in much higher property acquisition costs for necessary energy infrastructure, increasing expenses for utility ratepayers. *House Bill*

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship, and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

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81 mandates that utilities and transmission owners pay these premiums, even if the appraisal is unreasonable, and ratepayers will bear these elevated and potentially imprudent costs.

House Bill 81, finally, will create obstacles for the energy transition. The State's ambitious decarbonization goals will require significant investments in electric infrastructure to serve the current and future load reliably. Major infrastructure components, including new transmission lines, substations, and feeder lines, are necessary to achieve full electrification. *House Bill 81* will hinder the construction of essential overhead transmission projects needed to bolster existing infrastructure, in addition to address resource adequacy challenges. The exponential growth of energy demand, coupled with the retirement of generating plants, amongst other considerations, necessitate the need to fortify grid reliability and resiliency. The required premium, 350% above the highest appraisal compensation requirement, will discourage the development of necessary infrastructure investment by raising the cost to transfer ownership of property necessary for these critical infrastructure projects. *House Bill 81* could potentially lead to the delay or outright abandonment of projects, or a lack of desire to build in the state.

BGE remains committed to supporting Maryland's energy evolution and supports policies that keep affordability, resiliency, and reliability in mind. For these reasons, BGE firmly opposes *House Bill 81* and requests an unfavorable report.

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