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Maryland Energy Innovation Institute

Eric D. Wachsman, Director

Maryland Energy Innovation Institute (MEI²) was created in 2017 through an Economic Development Act (HB410/SB313) of the Maryland General Assembly. MEI² works in partnership with academic institutions across the state to help attract federal and private support of Maryland energy research and innovation, with the specific economic development goal of commercializing emerging and transformative advanced clean energy technologies in Maryland.

Bill Number: HB 35

Title: Economic Development – Income Tax Benefit Transfer Program - Establishment

Hearing Date: January 30, 2025

Committee: House Ways and Means Committee

Recommend: FAVORABLE

Maryland has made addressing climate change a major priority through the Climate Solutions Now Act and related legislation. Maryland has also recognized the tremendous economic development potential of addressing climate change through commercialization of clean energy technologies developed in the State through creation of the Maryland Energy Innovation Institute's (MEI²) and related legislation. MEI² brings together world-class researchers across the State whose expertise spans a spectrum of cutting-edge domains, including battery and fuel cell technologies, biofuels, advanced materials, energy storage, and building and heating energy efficiency. Their collective knowledge and groundbreaking contributions empower us to stay ahead in the rapidly evolving landscape of sustainable energy solutions.

By investing in *Clean Energy Innovation* (a focus of HB 35), Maryland can simultaneously curb the progression of climate change, create green jobs, and build a more sustainable future for generations to come. This is easily demonstrated by the success of MEI² in partnership with the Maryland Energy Innovation Accelerator (MEIA) to create a clean energy innovation ecosystem for Maryland. As a result of this partnership, since MEI² created in 2017, **58 companies have been founded** and/or advanced in Maryland creating **225 full and part-time jobs** and bringing in over **\$79M in private investments** and over **\$111M in grant funding** for those companies. These investments and grant funding relative to MEI² and MEIA share of SEIF funding represent a **~33X return to the State economy from companies assisted through this partnership** and indicate the economic potential of investing in *Clean Energy Innovation*.

With this success these 58 (and growing) companies are pursuing private investment to expand their company in Maryland thus providing additional economic benefit to the State. However, due to their early stage they do not yet have taxable revenue and as such cannot afford themselves of any of the benefits of Maryland's tax code. By enabling these companies to transfer their earned tax deductions to other entities (e.g., investors) in the State they can use this as an incentive to raise additional private capital thus accelerating the growth of these

companies, creating more jobs and thus more employee revenue taxes for the State. Moreover, as this is a tax transfer it is essentially revenue neutral, other than the timing aspects of accelerating deductions from future years while accelerating employee tax revenue to earlier years.

Therefore, the Maryland Energy Innovation Institute urges a favorable report for HB 35 and thanks Delegate Fraser-Hidalgo for his leadership in sponsoring this legislation.

Yours sincerely,



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