

Testimony on: **HB1040 – Maryland Strategic Energy Investment Fund - Mandated Uses - Climate Change Programs**
Committee: **Environment and Transportation**
Submitting: **Deborah A. Cohn**
Position: **Favorable**
Hearing Date: **March 3, 2026**

Dear Chair Korman and Committee Members:

The Strategic Energy Investment Fund (SEIF) is the state’s largest non-taxpayer-funded source of money specifically targeted toward advancing climate pollution reduction and supporting actions to expand renewable energy, improve energy efficiency, reduce energy use, and assist low-income households pay energy bills. The SEIF has been funded primarily by proceeds from the Regional Greenhouse Gas Initiative (RGGI). While alternative compliance payments (ACPs) have long been payable to the SEIF, the amounts have grown substantially in the last few years. ACPs come from ratepayers and are intended to be used to expand renewable energy, improve energy efficiency and assist low-income households pay energy bills.

Energy bills have been skyrocketing, and Maryland families, businesses, school systems and state facilities are struggling with energy affordability. We are failing to meet our climate goals, facing extensive diminution of federal clean energy support, and are thus are facing economic and health damage from climate risks. The SEIF can help address these problems.

Balancing the budget is the one job the General Assembly must do each year. Addressing the root causes of our budget problems is critical. But balancing the state budget is not the intended purpose of the SEIF. Yet last year more than \$300 million was diverted from the SEIF, including transfers to the general fund and broad rebates that, given their scale, provided low-income households only modest relief. This year’s proposed budget makes the same mistakes. The SEIF should not be treated as a state piggy bank available year after year to address systemic budget problems.

HB1040 addresses these problems. It provides that at least \$365,000,000 in SEIF funds must first go to specified climate change related purposes such as replacing old inefficient residential space and water heating and cooling equipment; solar energy deployment; electric vehicles; energy efficiency upgrades for homeowners, small businesses, and schools; and workforce development. These funds would help lower monthly energy bills for businesses and low-income families in particular. Over time, these investments would support (i) more generation of affordable solar energy; (ii) purchase of EV cars and school buses to reduce fuel costs and improve air quality; (iii) workforce training so Marylanders can have good-paying jobs; and (iv) more efficient state facilities and infrastructure to reduce taxpayer costs. The bill’s protections in the use of SEIF funds are limited to FY 2028 through 2032, but these current investments would benefit our economy, health, environment and tax revenues for much longer.

We have a choice. We can invest non-taxpayer SEIF funds for their intended purposes to provide clear long-term benefits, or we can again raid the SEIF to balance the budget that taxpayers must support. Let’s not squander the SEIF. Please issue a FAVORABLE report in committee for HB1040.