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**Maryland**  
Department of  
the Environment

# 2022 Climate Legislation Summary

Presentation to the MWG  
April 19, 2022

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# A Historic Year for Climate Legislation

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## A Subset of Bills Related to Climate Change

Climate	SB0528: Climate Solutions Now Act of 2022
Climate	SB0348 / HB0653: Conservation Finance Act
Transportation	HB1391: Clean Cars Act of 2022
Transportation	SB0146 / HB0157: Vehicle Laws-Plug-In Electric Drive Vehicles-Reserved Parking Spaces
Transportation	SB0061 / HB0010: Maryland Transit Administration-Conversion to Zero-Emission Buses



# A Historic Year for Climate Legislation

## A Subset of Bills Related to Climate Change

Transportation	SB0210: Tax Credits - Employer-Provided Commuter Benefits - Expansion and Administration
Energy	SB0215: Income Tax-Energy Storage Tax Credit-Alterations and Extension
Energy	SB0860 / HB1039: Property Tax-Community Solar Energy Generating Systems-Agrivoltaics
Energy	SB0526 / HB0622: RPS and Renewable Energy Credits - Offshore Wind
Buildings	SB0524 / HB0108: Public Utilities-Energy Efficiency and Conservation Programs-Energy Performance Targets and Low-Income Housing



# A Historic Year for Climate Legislation

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## A Subset of Bills Related to Climate Change

Energy	HB0031 / SB0256: Maryland Energy Administration Resiliency Hub Grant Program and Fund
Energy	HB0772 / SB0494: Energy and Water Efficiency Standards - Alterations
Energy	SB0215: Energy Storage Systems - Income Tax Credit and Grant Program
Finance	SB0566 / HB0740: State Retirement and Pension System Investment Climate Risk Fiduciary Duties
Resiliency	SB0630 / HB0706: Maryland Department of Emergency Management - Office of Resilience



# SB0528: Climate Solutions Now Act of 2022

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## **Most ambitious near-term GHG target of any U.S. state**

- Requires a doubling of Maryland's historic emission reduction rate from now through 2031

## **Net-zero emissions by 2045**

- Matches the long-term targets set by California and Virginia

## **Numerous other provisions that will have wide-ranging impacts**

- More on those later .....



# Climate, Water quality, and Conservation

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## **SB0348/HB0653 Conservation Finance Act**

- This bill expands opportunities for agencies to obtain private investment and financing for State environmental projects, including conservation efforts, restoration projects, and the installation and repair of green and blue infrastructure
- Alters existing, and establishes new State policies for several related programs
- Establishes a new workgroup, commission, task force, and review and reporting requirements
- The bill takes effect July 1, 2022
- Provisions related to a new task force terminate June 30, 2024, and provisions related to a new commission terminate June 30, 2025.



# Transportation

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## **HB1391: Clean Cars Act of 2022**

- The bill reestablishes the qualified plug-in electric vehicle and fuel cell electric vehicle excise tax credit and alters certain eligibility requirements and tax credit values.
- Subject to available funding, a person may claim an excise tax credit equal to (1) \$5,000 for each zero-emission heavy equipment property purchased or leased; (2) \$3,000 for each zero-emission plug-in electric drive or fuel cell electric vehicle purchased; (3) \$2,000 for each three-wheeled zero-emission electric motorcycle or autocycle purchased; or (4) \$1,000 for each two-wheeled zero-emission electric motorcycle purchased.
- establishes the Medium-Duty and Heavy-Duty Zero-Emission Vehicle Grant Program within the MEA
- Requires certain transfers and appropriations from the SEIF
- The bill takes effect July 1, 2022.



# EV Parking Legislation

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## **HB0157/SB0146: Vehicle Laws-Plug-In Electric Drive Vehicles-Reserved Parking Spaces**

- This bill prohibits stopping, standing, or parking a vehicle in a designated “plug-in electric drive vehicle charging space,” unless that vehicle is a “plug-in electric drive vehicle” that is plugged into charging equipment.
- establishes signage requirements for such designated vehicle charging spaces and
- establishes that a person who violates the bill’s provisions is subject to a civil penalty of \$100.

## **SB0061 / HB0010: Maryland Transit Administration-Conversion to Zero-Emission Buses**

- Requires the MTA to provide safety and workforce development training for its workforce related to the new zero-emission buses that it is required to purchase under the Zero Emission Transition Act and
- Requires MTA to include additional information in the annual transition report.
- The bill takes effect July 1, 2022





# Tax Credits for Renewable Energy

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## **SB0215: Income Tax-Energy Storage Tax Credit-Alterations and Extension**

- Increasing, from \$750,000 to \$1,000,000, the total amount of tax credit certificates that the Maryland Energy Administration may issue in a taxable year for the costs of installing an energy storage system;
- Authorizing, under certain circumstances, a taxpayer to claim a refund of the credit;
- Extending, from December 31, 2022, to December 31, 2024, the date by which an energy storage system is required to be installed for purposes of eligibility for the credit

## **SB0860 / HB1039: Property Tax-Community Solar Energy Generating Systems-Agrivoltaics**

- Exempting certain community solar energy generating systems from personal property taxes;
- Requiring the Department of Assessments and Taxation to assess certain land used by a community solar energy generating system in a certain manner;
- Requiring the governing body of a county or of a municipal corporation to grant a tax credit against the property tax imposed on real property on which a certain community solar energy generating system is installed;
- Establishing a tax credit against the State property tax imposed on certain real property; etc.



# Increasing RE through the RPS

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## **SB0526/HB0622: Renewable Energy Portfolio Standard and Renewable Energy Credits - Offshore Wind**

- Altering the application of the offshore wind energy component of the renewable energy portfolio standard to apply only to distribution sales of electric companies;
- altering the manner in which an electric company may reflect and recover offshore wind renewable energy credit costs;
- altering certain compliance fees for shortfalls from the offshore wind energy component of the renewable energy portfolio standard; etc.



# DHCD-focused Buildings Legislation

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## **SB0524 / HB0108: Public Utilities-Energy Efficiency and Conservation Programs-Energy Performance Targets and Low-Income Housing**

- Requiring DHCD to procure or provide for electricity customers energy efficiency and conservation programs and services designed to achieve an annual incremental gross energy savings of at least 0.4% starting in 2023;
- Requiring DHCD to develop a plan to coordinate and leverage funding sources to support certain energy efficiency and other home upgrades and a plan to provide energy efficiency retrofits to all low-income households by 2030; etc.



# MEA-focused Energy Bills

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## **HB0031/SB0256: Maryland Energy Administration Resiliency Hub Grant Program and Fund**

- Establishing the Resiliency Hub Grant Program in the MEA to develop resiliency hubs that serve low- and moderate-income households at no cost to the households;
- Defining "resiliency hub" as a location where solar photovoltaic and battery energy storage are designed to provide electricity during extended grid outages;
- Requiring MEA to establish regulations that include certain Program procedures and criteria;
- The Program will be funded in part by at least \$500,000 annually from the Strategic Energy Investment Fund (SEIF) and by fines and penalties collected by the Public Service Commission (PSC);
- Requiring that certain fines and penalties be credited to a certain fund; etc.



# MEA-focused Energy Bills

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## **HB0772/ SB0494: Maryland Energy Administration - Energy and Water Efficiency Standards – Alterations**

- Altering the application of certain testing, certification, and enforcement requirements for certain efficiency standards; (1) electric vehicle supply equipment; (2) high color rendering index (CRI) fluorescent lamps; (3) portable electric spas; (4) air purifiers; (5) commercial dishwashers; (6) commercial steam cookers; (7) faucets; (8) residential ventilating fans; (9) showerheads; (10) spray sprinkler bodies; (11) urinals; (12) water closets; and (13) water coolers.
- Requiring MEA to review certain efficiency standards on or before January 1, 2023;
- Prohibiting the sale, offering for sale, and installation of certain products in the State under certain circumstances beginning on a certain date;
- Requiring MEA to adopt regulations on efficiency standards for certain products by January 1, 2023; etc.



# Tax Credits for Commuting

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## **SB0210: Tax Credits - Employer-Provided Commuter Benefits - Expansion and Administration**

- Expanding the types of commuter benefits for which a business entity may claim a tax credit to include a certain carpool program, telework program, active transportation program, and multimodal commuter program;
- Requiring MDOT to administer an application process for the tax credit;
  - The tax credit is 50% of the cost of providing the commuter benefits up to a maximum of \$100 per month (based on a \$200 employer contribution) for each employee.
- Limiting the total amount of tax credits that may be authorized each year to \$1,000,000.



# Climate Risk and Resilience

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## **SB0566/HB0740: State Retirement and Pension System Investment Climate Risk Fiduciary Duties**

- Requiring a fiduciary of the State Retirement and Pension System to consider certain climate risks on the System's assets;
- Requiring a climate risk assessment to include a certain review of the System's investment portfolio to determine the level of climate risk across certain sectors and asset classes, identification of investment opportunities in certain energy sectors, a process for regular reassessment of certain impact of climate risk, and utilization of the best data and practices for climate risk analyses; etc.



# Climate Risk and Resilience

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## **SB0630/HB0706: Maryland Department of Emergency Management - Office of Resilience**

- Establishing the Office of Resilience in the Maryland Department of Emergency Management;
- Requiring the Secretary of Emergency Management to appoint a Chief Resilience Officer to direct the Office of Resilience; and
- Requiring the Office of Resilience to coordinate with State agencies and State entities to meet certain goals.

**Now we'll pivot to a discussion about the CSNA of 2022**





# SB0528: Climate Solutions Now Act of 2022

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## GHG Reduction Targets

- 60% reduction from 2006 levels by 2031
  - Most ambitious near-term target of any U.S. state
  - Requires a doubling of Maryland's historic emission reduction rate from now through 2031
- Net-zero emissions by 2045
  - Target was recommended by the MCCC
  - Matches the long-term targets set by California and Virginia



# SB0528: Climate Solutions Now Act of 2022

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## **60% by 2031 Plan**

- Draft plan due June 2023
- Final plan due December 2023
- May not include highway widening or additional road construction as GHG reduction measures
- Shall use the 20-year global warming potential for methane
- Shall include policy recommendations for the continued operations of MD's existing zero carbon electric generators
- Shall produce net economic benefits and net increase in jobs
- Etc.



# SB0528: Climate Solutions Now Act of 2022

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## **Buildings (all building types)**

- Intent of the General Assembly that the State move to broader electrification of both existing and new buildings
- The MD Building Code Administration shall report in 2023 on:
  - Recommendations for an all-electric building code
  - The fastest and most cost-efficient methods of decarbonizing buildings
  - Availability of equipment needed for all-electric buildings
  - Projected annual peak summer and winter gas and electric load impacts of electrification
  - Etc.



# SB0528: Climate Solutions Now Act of 2022

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## **New and Existing Large Buildings**

- MDE shall adopt Building Energy Performance Standards (BEPS) regulations
- Buildings larger than 35,000 square feet shall:
  - Report energy use data annually beginning in 2025
  - Achieve a 20% reduction in net direct emissions by 2030 compared with average buildings of similar construction
  - Achieve net-zero direct emissions by 2040
- Exemptions for agricultural, historic, and manufacturing buildings along with schools and commercial kitchens



# SB0528: Climate Solutions Now Act of 2022

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## **Building Energy Transition Implementation Task Force**

- MDE shall create a Task Force that will, by December 2023, recommend programs, policies, and incentives aimed at:
  - Helping owners of large buildings meet the Building Energy Performance Standards
  - Support the broader electrification of the building sector
- Recommendations may include:
  - Tax credits or direct subsidy payments for projects
  - Holistic retrofit targets for low-income households
  - On-bill, low-interest financing
  - Etc.



# SB0528: Climate Solutions Now Act of 2022

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## **Climate Transition and Clean Energy Hub**

- MEA shall create a Hub to provide technical assistance and information to public and private entities to achieve GHG reductions from the building sector

## **EmPOWER Maryland**

- Starting in 2025, the core objective of EmPOWER shall be based on a portfolio of mutually reinforcing goals including:
  - GHG reduction
  - Energy savings
  - Net customer benefits
  - Reaching underserved customers



# SB0528: Climate Solutions Now Act of 2022

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## State Procurement

- At least 75% of the electricity supply procured for use in State facilities shall be derived from no- or low-carbon energy sources by 2030
- Intent of the General Assembly that 100% of passenger cars in the State fleet be zero-emissions vehicles (ZEV) by 2031; all other light-duty vehicles to be ZEV by 2036
- Identify options for preferencing low-carbon concrete in State-funded construction projects



# SB0528: Climate Solutions Now Act of 2022

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## **Chesapeake Conservation Corps**

- \$1.5M annually in the State budget to employ youth and young adults to deploy clean energy technology and mitigate and prevent the impacts of climate change in communities disproportionately affected by climate impacts

## **Climate Catalytic Capital Fund**

- \$5M in the State budget in FY24-26
- The Maryland Clean Energy Center (MCEC) shall leverage funding from a variety of sources to provide financing for GHG reduction projects
- At least 40% of funding shall be used for projects in communities with low- to moderate-income households





# SB0528: Climate Solutions Now Act of 2022

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## **Electric School Bus Pilot Program**

- Electric utilities may implement programs to help local school systems purchase electric school buses that would serve as grid-scale battery storage using vehicle-to-grid technology

## **Healthy Soils**

- \$500,000 in FY24-28 to increase biological activity and carbon sequestration in agricultural soils



# SB0528: Climate Solutions Now Act of 2022

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## **Tax Exemption for Community Solar Projects**

- Exemption from paying county/municipal property tax for new community solar projects that:
  - Provide at least 50% of a project's electrical output to low- or moderate-income customers at rates that are at least 20% lower than the rates charged by the local electric utility company
  - Are located on a rooftop, parking facility canopy, or brownfield



# SB0528: Climate Solutions Now Act of 2022

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## **Electric Distribution System Planning**

- PSC shall report annually beginning in 2024 on the state of electric distribution system planning to reduce GHGs, improve energy efficiency, incorporate energy storage, increase use of distributed energy resources including electric vehicles, etc.

## **Agency Planning, Policy, and Regulations Development**

- Each State agency shall, when conducting long-term planning, developing policy, and drafting regulations, shall take into consideration the likely impact of the agency's decisions relative to Maryland's GHG reduction goals and the likely impact on disproportionately affected communities



# SB0528: Climate Solutions Now Act of 2022

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## **Commission on Environmental Justice and Sustainable Communities**

- Adopt a methodology to identify communities disproportionately affected by climate impacts
- Develop strategies to address geographic impact concerns and reducing GHG emissions and co-pollutants
- Build climate equity and resilience within disproportionately affected communities
- Establish goals for the percentage of State funding for GHG reduction measures that should be used for the benefit of disproportionately affected communities



# SB0528: Climate Solutions Now Act of 2022

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## Maryland Commission on Climate Change

- MDE shall include in the MCCC Annual Report an accounting of State money spent on measures to reduce GHGs and co-pollutants and the percentage of funding that benefited disproportionately affected communities
- Create four new MCCC working groups:
  - Just Transition Employment and Retraining WG
  - Energy Industry and Revitalization WG
  - Energy Resilience and Efficiency WG
  - Solar Photovoltaic Systems Recovery, Reuse, and Recycling WG



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