

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1281  
Economic Matters

(Delegates Jameson and Gaines)

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**Strategic Energy Investment Program and Advisory Board - Alterations**

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This bill requires, if administrative expenses of the Strategic Energy Investment Fund (SEIF) exceed the \$5.0 million limit established under current law in a single fiscal year, that the excess of the expenses must be paid from the administrative expenses allocation for the following fiscal year. Interest earnings in SEIF no longer accrue to the administrative expense account in SEIF but are still retained in SEIF. The Maryland Energy Administration (MEA) must report on a plan for SEIF expenditures to the SEIF advisory board annually, rather than only in a plan development year (which occurs every three years). The board (1) must elect a chair from among its members and (2) may meet at the discretion of the chair or the request of the director of MEA. The annual report that MEA must make to the Governor and the General Assembly each year must also be made to specified legislative committees and must include additional specified information.

The bill takes effect July 1, 2016.

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**Fiscal Summary**

**State Effect:** No effect on special fund revenues or expenditures for SEIF in FY 2017 or 2018. The Governor's proposed FY 2017 budget includes \$4.9 million for SEIF administrative expenses that are subject to the bill's requirements, which is less than the \$5.0 million specified in the bill. The effect on State finances in future years is unknown; however, if special fund expenditures for SEIF administrative expenses exceed \$5.0 million in any fiscal year, special fund administrative expenditures in the following fiscal year may decrease as the revenue allocation is reduced. Alternatively, any available fund balance may be used to maintain spending levels. MEA can likely handle the bill's increased reporting requirements with existing budgeted resources, but it may have difficulty identifying some of the additional information required to be included in the annual report.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** In addition to meeting all current requirements, MEA's annual report on the uses and expenditures of SEIF from the prior fiscal year must:

- identify multiple grants awarded to the same person, the same household, or affiliates of the same person when detailing accounting of all amounts received by and disbursed from SEIF;
- include the funding source used by MEA for administrative purposes; and
- include an accounting of all amounts received or disbursed by the fund from all other sources, including money received from Public Service Commission orders and settlement agreements.

**Current Law/Background:** Chapters 127 and 128 of 2008 established SEIF primarily to receive revenue from Regional Greenhouse Gas Initiative (RGGI) carbon dioxide emission allowance auctions. The Acts also established an allocation of the revenue from the quarterly RGGI carbon dioxide emission allowance auctions to be distributed among various categories of spending. Other revenue in SEIF available from different fund sources is not subject to the allocation.

Generally, RGGI funds in SEIF support (1) energy assistance programs; (2) low- and moderate-income energy efficiency and other energy efficiency programs, (3) renewable energy, climate change, resiliency, and energy education programs; and (4) MEA administrative expenses. Up to \$5.0 million annually from RGGI funds may be *allocated* for MEA administrative expenses. MEA notes that, in the past, other sources of funds have also been appropriated through the administrative expense account within SEIF, such as funding for offshore wind development. Expenditures from SEIF may only be made by an appropriation in the State budget or by an approved budget amendment.

As noted above, the Governor's proposed fiscal 2017 budget includes \$4.9 million for RGGI-backed MEA administrative expenses. The administrative expense account fund balance is estimated to be \$4.1 million at the end of fiscal 2016. A detailed discussion of the funding allocations for SEIF can be found in the 2016 [budget analysis](#) by the Department of Legislative Services for MEA.

The SEIF advisory board must review the Strategic Energy Investment Program and MEA's proposed uses of and expenditures from SEIF and make recommendations to MEA concerning any proposed use or expenditure. MEA must provide staff for the board.

By January 1 of each year, MEA must report to the Governor and the General Assembly on the uses and expenditures of SEIF from the prior fiscal year. The report must include, among other things (1) a detailed accounting of all amounts received by and disbursed from SEIF, as specified; (2) all amounts used by MEA for administrative purposes; and (3) the status of programs, projects, activities, and investments implemented with SEIF funds.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Energy Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - March 2, 2016  
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