

**Testimony on Behalf of County Executive Marc Elrich  
Bill 44-21, Montgomery County Green Bank - Funding - Fuel - Energy Tax Revenue**

**Adriana Hochberg, Acting Director  
Department of Environmental Protection**

**December 7, 2021**

Good afternoon. My name is Adriana Hochberg. I am the Acting Director of the Department of Environmental Protection (DEP) and the County's Climate Change Officer. Thank you for the opportunity to testify on behalf of the County Executive on Bill 44-21, which would mandate that the County Council appropriate 10% of Fuel Energy Tax revenue to the Montgomery County Green Bank (MCGB) each year in the annual operating budget.

The Elrich Administration has been hard at work to address climate change in order to meet the County's goals of eliminating greenhouse gas emissions by 2035 and achieving 80% reductions by 2027. The Climate Action Plan was released in June and it provides a roadmap of actions to reduce greenhouse gas emissions and adapt to a changing climate. Implementation of the Climate Action Plan is underway, with 75 out of 86 Plan actions being actively worked on in Fiscal Year 2022. The annual climate work plan and quarterly work plan progress report provide members of the community with a view into the County's multi-faceted climate efforts. In addition to developing and implementing climate programs and projects, there are a number of climate legislative and regulatory policies that the Executive has already transmitted to Council. These include the International Green Construction Code recently passed by Council, the Building Energy Performance Standards, and expansion of the Commercial Property Assessed Clean Energy (C-PACE) program, which is administered by the Green Bank.

The County Executive is a strong supporter of the Green Bank and recognizes the important role it will play in helping the County meet our aggressive climate goals. Implementing climate action at the scale that is necessary to make a meaningful dent on greenhouse emissions will require substantial financial resources from both the public and private sectors. The ability of the Green Bank to leverage public funds by attracting capital from commercial lenders for energy efficiency and renewable energy projects makes supporting the Green Bank a wise investment. Such support will be particularly important as policies such as Building Energy Performance Standards are implemented, particularly given the role the Green Bank can play in helping building owners understand their options for improving the energy performance of their buildings and determining the most advantageous way to achieve this, both technically and financially.

The County Executive would like to raise several important issues regarding Bill 44-21. The Executive believes that there are some aspects of the bill that need to be amended:

- As the Council is aware, Energy Tax revenue supports general government operations. Mandating that a certain percentage of Energy Tax revenue go to the Green Bank (or for any other specific use) will create a funding "gap" that would not occur in the absence of the bill. The bill as currently written does not identify how this funding gap would be replaced. This gap will have to be addressed by cuts in other government programs and services, or by an increase in revenues.

Given the continued need to address issues created by the pandemic, such as maintaining free Ride-On services and delivering human services programs that have provided vital aid to our most vulnerable neighbors, the County Executive feels it is not prudent to mandate that a certain percentage of Energy Tax revenues be dedicated to a particular use at this time. At a minimum, it would make sense to wait until the revenue picture becomes clearer, which will occur before finalization of the FY23 budget as the State updates income tax and other revenue figures.

- Should the Council decide that dedicating Energy Tax funds to climate related activity is appropriate at this time, the County Executive would suggest that not all funding be allocated to the Green Bank, as the County has many climate related activities that could use funding support. The funds could be split between the Green Bank and the Climate Change Non-Departmental Account to be used to implement actions articulated in the Climate Action Plan. These include work related to both greenhouse gas emissions reductions as well as adaptation issues, such as flooding and urban forestry, and developing deeper engagement with frontline communities that will feel the impacts of climate change most acutely.
- The County Executive recommends that the Green Bank funding be subject to performance metrics and upfront written expectations about how the Green Bank intends to use the funds. As such the County Executive would suggest that the Green Bank funding allocation be set-aside in a County department such as DEP or the Department of General Services, and then be allocated to the Green Bank through a contractual agreement or memorandum of understanding that lays out the planned use of funds along with policies and procedures to ensure that the plan is carried out as expected.

I would be happy to address any questions the Council may have.