

# Climate Assessment

## Office of Legislative Oversight

### Bill 28-23: Taxation – Fuel Energy Tax – Green Bank

#### SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 28-23 will have a minimal positive impact on the County's contribution to addressing climate change as the proposed changes are designating fuel energy tax revenue received by the Green Bank to only be used for activities related to the investment and financing of clean energy technologies. The designation of funds could allow for more clean energy technology activities to be funded, as the fuel energy tax revenue received by the Green Bank could not be used for any other activity. Further, many clean energy projects also increase community resilience.

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#### BACKGROUND AND PURPOSE OF BILL 28-23

Montgomery County levies a fuel-energy tax on every person transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas in the County.<sup>1</sup> On February 1, 2022, the County Council enacted Bill 44-21, Montgomery County Green Bank – Funding – Fuel-energy tax revenue, which specified that 10% of the annual revenue received from the fuel-energy tax would be given to the Montgomery County Green Bank.<sup>2</sup>

The Green Bank is a publicly chartered 501c3 nonprofit corporation focused on accelerating energy efficiency, renewable energy, and clean energy investment in the County. They receive funding from the County, in addition to other public and private funders that finance their projects.<sup>3</sup>

Recently, the Council enacted Bill 3-23, Environmental Sustainability – Montgomery County Green Bank, on March 21, 2023, which granted the Green Bank the ability to engage in climate resiliency activities.<sup>4</sup> The bill defined climate resiliency projects and activities as:

“designed to support property or community resilience, reliability, and environmental sustainability; property or community environmental health and environmental safety; property or community water conservation and on-site management; sustainable waste treatment; sustainable agricultural activities; and adaption of systems to manage changes to the climate, such as activities responding to extreme weather events.”<sup>5</sup>

Bill 28-23 proposes to restrict the use of fuel energy tax funds by the Green Bank to only support activities related to the investment and financing of clean energy technologies, including renewable energy and energy efficiency projects. The bill would **prohibit** the Green Bank to use the tax funds for resilience activities and projects.<sup>6</sup> Bill 28-23, Taxation – Fuel Energy Tax – Green Bank, was introduced by the Council on June 20, 2023.

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## ANTICIPATED IMPACTS

The Montgomery County Green Bank was established to accelerate energy efficiency, renewable energy, and clean energy investment in the County.<sup>7</sup> In early 2023, the Council passed Bill 3-23, which allows the Green Bank to finance resiliency projects outside of the clean energy sector.

Many projects associated with clean energy technologies also positively benefit community resilience. Projects, such as solar-powered microgrids can help a community become more resilient to disruptions in energy supplies, such as those caused by extreme weather events.<sup>8</sup> OLO notes that the Green Bank's previous projects, such as Seneca Village's rooftop solar project,<sup>9</sup> not only decrease greenhouse gas emissions associated with energy use but increase community resilience as they can strengthen local energy systems by providing reliable and affordable energy for local governments, households, and businesses.<sup>10</sup>

Bill 28-23 seeks to restrict the use of fuel energy tax funds by the Green Bank to only support activities related to the investment and financing of clean energy technologies. The designation of funds could allow for more clean energy technology activities to be funded, as the fuel energy tax revenue received by the Green Bank could not be used for any other activity. Further, many clean energy projects also increase community resilience. The Office of Legislative Oversight (OLO) anticipates Bill 28-23 will have a minimal positive impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

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## RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.<sup>11</sup> OLO does not offer recommendations or amendments as Bill 28-23 is likely to have little to no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

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## CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

## PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptive capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

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## CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

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<sup>1</sup> ["Fuel Energy Tax Information", Montgomery County Government, Accessed 6/23/23.](#)

<sup>2</sup> [Bill 44-21, Montgomery County Green Bank - Funding - Fuel-energy Tax Revenue, Montgomery County Council, Effective date May 13, 2022.](#)

<sup>3</sup> ["About Us", Montgomery County Green Bank, Accessed 6/23/23.](#)

<sup>4</sup> [Bill 3-23, Environmental Sustainability - Montgomery County Green Bank, Montgomery County Council, Effective date July 3, 2023.](#)

<sup>5</sup> Ibid.

<sup>6</sup> [Introduction Staff Report for Bill 28-23, Montgomery County Council, June 20, 2023.](#)

<sup>7</sup> ["About Us", Montgomery County Green Bank, Accessed 6/23/23.](#)

<sup>8</sup> ["Community Resilience Planning and Clean Energy Initiatives: A Review of City-Led Efforts for Energy Efficiency and Renewable Energy", American Council for an Energy-Efficient Economy, January 2020.; "Enhancing Community Resilience through Energy Efficiency", American Council for an Energy-Efficient Economy, October 2015.](#)

<sup>9</sup> ["2022 Annual Report", Montgomery County Green Bank, 2022.](#)

<sup>10</sup> ["Enhancing Community Resilience through Energy Efficiency", American Council for an Energy-Efficient Economy, October 2015.; "Solar Resilience: Keeping Communities Connected", U.S. Department of Energy: Office of Energy Efficiency and Renewable Energy, Accessed 6/28/23.](#)

<sup>11</sup> Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022