SENATE BILL 799

By: Senators Middleton, Astle, Conway, and Garagiola
Introduced and read first time: February 1, 2013
Assigned to: Finance and Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: April 1, 2013

CHAPTER ____

AN ACT concerning

Energy – Landfill Diversion – Municipal Solid Waste Portfolio Standard
Environment – Solid Waste Management Practices – Maryland Recycling and
Landfill Diversion Task Force

FOR the purpose of establishing a municipal solid waste portfolio standard; requiring
the Department of the Environment to implement and manage a municipal
solid waste portfolio standard for each county in the State during certain years;
requiring each county to submit a certain report each year to the Department;
requiring each county to pay certain compliance fees into the Maryland
Strategic Energy Investment Fund under certain circumstances; limiting what
the fees paid into the Fund may be used for; providing that the Department has
certain power and authority to implement certain provisions of law; requiring
that the Department, by a certain date, designate an individual to oversee
compliance with the municipal solid waste portfolio standard requirements;
stating the duties of the individual that oversees compliance with the municipal
solid waste portfolio standard requirements; requiring the Department to
provide a certain status report to the General Assembly, the Maryland Energy
Administration, and the Public Service Commission on or before a certain date;
requiring the Department to adopt regulations to implement the provisions of
this Act; altering one of the purposes of the Maryland Strategic Energy
Investment Program; requiring the Administration to provide funding
assistance to implement the purposes of the municipal solid waste portfolio
standard; adding compliance fees from the municipal solid waste portfolio
standard as a revenue source for the Fund; requiring that the Administration
use the Fund to provide assistance to implement the purposes of the municipal

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
Underlining indicates amendments to bill.
Strikeout indicates matter stricken from the bill by amendment or deleted from the law by amendment.
solid waste portfolio standard; requiring that the Administration’s report on the
uses and expenditures of the Fund include certain information related to the
municipal solid waste portfolio standard; requiring each county and the
Department of the Environment to adopt a certain solid waste management
hierarchy; declaring the intent of the General Assembly that the State
undertake certain actions relating to recycling and landfill disposal rates;
establishing the Maryland Recycling and Landfill Diversion Task Force;
providing for the composition, cochairs, and staffing of the Task Force;
prohibiting a member of the Task Force from receiving certain compensation,
but authorizing the reimbursement of certain expenses; requiring the Task
Force to determine the aspirational statewide recycling goal and a recycling and
landfill diversion portfolio standard that will reduce the amount of solid waste
being sent to landfills; specifying certain duties of the Task Force; requiring the
Task Force to report its findings and recommendations to the Governor and the
General Assembly on or before certain dates; providing for the termination of
the Task Force; specifying the intent and certain findings of the General
Assembly; defining certain terms; making conforming changes; and generally
relating to the establishment of a municipal solid waste recycling and landfill
diversion portfolio standard and the establishment of the Maryland Recycling
and Landfill Diversion Task Force.

BY adding to
Article—Public Utilities
Section 7–801 through 7–807 to be under the new subtitle “Subtitle 8.
Municipal Solid Waste Portfolio Standard”
Annotated Code of Maryland
(2010 Replacement Volume and 2012 Supplement)

BY repealing and reenacting, without amendments,
Article—State Government
Section 9–20B–02
Annotated Code of Maryland
(2009 Replacement Volume and 2012 Supplement)

BY repealing and reenacting, without amendments,
Article—State Government
Section 9–20B–03 through 9–20B–05 and 9–20B–12
Annotated Code of Maryland
(2009 Replacement Volume and 2012 Supplement)

BY repealing and reenacting, with amendments,
Article—Environment
Section 9–504
Annotated Code of Maryland
(2007 Replacement Volume and 2012 Supplement)
SENATE BILL 799

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Environment

9–504.

(a) To the extent that the incorporation will promote the public health, safety, and welfare, each county plan shall incorporate all or part of the subsidiary plans of each town, municipal corporation, sanitary district, privately owned facility, or local, State, or federal agency that has existing or planned development in that county.

(B) (1) The General Assembly finds that:

(i) The United States Environmental Protection Agency has ranked the most environmentally sound strategies for solid waste; and

(ii) The following solid waste management practices are listed in order of preference:

1. Source reduction, including reuse;

2. Recycling, including composting and anaerobic digestion;

3. Energy recovery; and

4. Treatment and disposal.

(2) Each county and the Department shall adopt the United States Environmental Protection Agency’s solid waste management hierarchy.

[(b)(c)] If the governing body of each county that is affected adopts a subsidiary plan for a multicounty area, the county may incorporate in its county plan all or part of the subsidiary plan.

SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that the State:

(a) set an aspirational statewide recycling goal;

(b) mandate minimum recycling rates and maximum landfill disposal rates;
(c) in the development of recycling and landfill disposal rate requirements, consider a rate structure that:

(1) accounts for differences in the population of the counties; and

(2) includes municipal corporations;

(d) assist counties and municipal corporations in meeting recycling and landfill disposal rate requirements by:

(1) stimulating business opportunities and the development of the waste management industry;

(2) identifying appropriate methods of funding for counties and municipal corporations; and

(3) identifying appropriate incentives; and

(e) consider imposing penalties, including a compliance fee, on counties for noncompliance with the recycling and landfill disposal rate requirements, taking into consideration appropriate exemptions from the penalties and appropriate uses of the funding.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) There is a Maryland Recycling and Landfill Diversion Task Force.

(b) The Task Force consists of the following 18 members:

(1) one member of the Senate of Maryland, appointed by the President of the Senate;

(2) one member of the House of Delegates, appointed by the Speaker of the House;

(3) the Director of the Maryland Energy Administration, or the Director’s designee;

(4) the Secretary of the Environment, or the Secretary’s designee;

(5) the Executive Director of the Northeast Maryland Waste Disposal Authority, or the Executive Director’s designee;

(6) the Executive Director of the Maryland Association of Counties, or the Executive Director’s designee;
(7) one representative of a county with a population of 150,000 or more, as designated by the Maryland Association of Counties;

(8) one representative of a county with a population under 150,000, as designated by the Maryland Association of Counties;

(9) the Executive Director of the Maryland Municipal League, or the Executive Director’s designee;

(10) the Director of the Maryland Environmental Service, or the Director’s designee;

(11) the Secretary of Business and Economic Development, or the Secretary’s designee; and

(12) one member from each of the following organizations, as designated by the managing director of each organization:

(i) American Forest and Paper Association;

(ii) Sustainable Materials Recovery Coalition;

(iii) America Biogas Council;

(iv) The Peninsula Compost Group;

(v) Maryland–Delaware Solid Waste Association;

(vi) Trash Free Maryland; and

(vii) Chesapeake Climate Action Network.

(c) The President of the Senate and the Speaker of the House shall jointly appoint the members under subsection (b)(12) of this section.

(d) To the extent practicable, the members under subsection (b)(12) of this section shall be from an organization or a member company of the organization that operates or has an interest in operating in Maryland.

(e) The Task Force shall be cochaired by the members from the Senate of Maryland and the House of Delegates.

(f) (1) The Department of the Environment shall provide staff for the Task Force.
(2) The Maryland Energy Administration and the Department of Legislative Services shall assist the Department of the Environment in providing staff for the Task Force.

(g) A member of the Task Force:

(1) may not receive compensation as a member of the Task Force; but

(2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(h) The Task Force shall:

(1) determine whether the aspirational statewide recycling goal of 80% should be set in statute based on the recycling achievements of other states and countries;

(2) determine a recycling and landfill diversion portfolio standard that will reduce the amount of solid waste being sent to landfills;

(3) determine, based on the viability of a recycling and waste management industry in each county, whether recycling rate and landfill disposal rate requirements should be uniform for:

(i) all counties with a population of 150,000 and over; and

(ii) all counties with a population under 150,000;

(4) consider as a possible recycling and landfill diversion portfolio standard:

(i) for counties with a population of 150,000 or more, minimum recycling rates beginning with 35% in 2015 and reaching 60% by 2028 and thereafter;

(ii) for counties with a population of less than 150,000, minimum recycling rates beginning with 20% in 2015 and reaching 60% by 2035 and thereafter;

(iii) for counties with a population of 150,000 or more, maximum landfill disposal rates beginning with 65% of the solid waste stream in 2015 and reaching 5% by 2028; and

(iv) for counties with a population of less than 150,000, maximum landfill disposal rates beginning with 80% of the solid waste stream in 2015 and reaching 5% by 2035;
determine how solid waste is currently being handled by collecting and analyzing solid waste data from counties, municipal corporations, and nonresidential entities that may contribute to the county’s solid waste stream and from private waste haulers and recyclers in Maryland;

(6) determine the appropriate definition of “solid waste” that should be incorporated into a recycling and landfill diversion portfolio standard;

(7) evaluate how a recycling and landfill diversion portfolio standard will affect current recycling plan and comprehensive solid waste plan requirements and processes, and recommend how to incorporate the standard’s recycling and waste diversion requirements into the plans and an appropriate incorporation timeline;

(8) determine how to integrate the recycling and waste management efforts in municipal corporations into county recycling and landfill waste diversion plans;

(9) evaluate and identify county recycling and waste diversion infrastructure needed to comply with a recycling and landfill diversion portfolio standard, including potential siting issues;

(10) determine how a recycling and landfill diversion portfolio standard would apply to counties that have existing landfill debt;

(11) review best practices in other states and countries for achieving recycling goals to determine whether those practices could be used to assist counties in achieving recycling goals in Maryland;

(12) determine whether new and emerging technologies in the waste management industry may assist counties in achieving a recycling and landfill diversion portfolio standard;

(13) determine how the Department of Business and Economic Development may assist in stimulating business opportunities and development in the waste management industry in ways that would assist counties in achieving a recycling and landfill diversion portfolio standard;

(14) identify appropriate methods of providing funding for counties and municipal corporations to achieve a recycling and landfill diversion portfolio standard, including how any State funds would be calculated to incentivize counties to meet the requirements of the recycling and landfill waste diversion requirements;

(15) consider, in allowing municipal corporations to be eligible to receive funds from the State Recycling Fund or from any other State aid that are available to assist a municipal corporation in increasing recycling rates if the municipal corporation cooperates with the county to achieve the minimum recycling rates and the maximum landfill disposal rates and participates and is included in the
development and implementation of the county's recycling and landfill waste diversion plan:

(16) consider requiring any recycling rate requirement to be adjusted for noninclusion of the municipal corporation if the municipal corporation does not cooperate with the county to achieve the minimum recycling rates or participate and is not included in the development and implementation of the county's recycling and landfill waste diversion plan:

(17) determine whether it would be appropriate to impose a compliance fee on a county that fails to achieve the applicable solid waste recycling and landfill waste diversion requirements and, if a compliance fee is determined to be appropriate:

(i) consider whether the compliance fee should be adjusted each year based on an inflationary index, calculated on a per ton basis, and increase each year as the recycling and landfill waste diversion requirements increase;

(ii) consider the impact of the imposition of a compliance fee on a county that fails to achieve the applicable solid waste recycling rate or exceeds the applicable landfill disposal rate;

(iii) determine the use of the compliance fees or potential penalties, including depositing the revenue in the State Recycling Fund for providing grants and other assistance to counties and municipal corporations; and

(iv) determine whether an exemption from compliance fees or other potential penalties would be appropriate for counties:

1. that have existing landfill debt;

2. that have adequate justification for an alternative recycling rate or landfill disposal rate;

3. when State funds are not provided to all counties; or

4. when the Governor has declared a state of emergency due to a disaster;

(18) examine whether other forms of incentives or potential penalties should be considered in order for counties and municipal corporations to meet the requirements of the recycling and landfill waste diversion requirements; and

(19) determine any other changes to State law that the Task Force deems appropriate to implement the recycling and landfill diversion portfolio standard.
(i) (1) Except as provided in paragraph (2) of this subsection, on or before December 31, 2013, the Task Force shall report its findings and recommendations, including legislation, to the Governor and, in accordance with § 2–1246 of the State Government Article, the General Assembly.

(2) If the Task Force has not completed its work on or before December 31, 2013, the Task Force shall report to the Governor and, in accordance with § 2–1246 of the State Government Article, the General Assembly:

(i) on or before December 31, 2013, its preliminary findings and recommendations; and

(ii) on or before December 31, 2014, its final findings and recommendations, including legislation.

Article—Public Utilities


7–801.

(A) In this subtitle the following words have the meanings indicated.

(B) “Administration” means the Maryland Energy Administration.

(C) “Department” means the Maryland Department of the Environment.

(D) “Energy recovery” means a process in which solid waste:

(1) produces a valuable energy resource, including steam, electricity, gas, or refuse–derived fuel; and

(2) achieves a volume reduction of at least 65% of its solid waste stream.


(F) “Index” means the Consumer Price Index established under § 29–401 of the State Personnel and Pensions Article.
(g) "Municipal solid waste" means solid waste, as defined in COMAR 26.13.02.02, that originates from households, private residences, schools, institutions, businesses, or commercial enterprises or as the result of community activities.

(h) "Recycling" means the waste diversion rate calculated by the Department.

(i) "Unprocessed mixed municipal solid waste" means municipal solid waste or municipal solid waste components that have not been processed through recycling, energy recovery, anaerobic digestion, production and use of refuse derived fuel, composting, or any combination of these processes so that the total weight of the waste remaining that must be disposed of in a mixed municipal solid waste disposal facility is not more than 35% of the weight before processing, on an annual average.

7–802.

(a) It is the intent of the General Assembly to protect the State’s environment and other natural resources and the public health by improving municipal solid waste management in the State to serve the following purposes:

1. Reduce the amount of municipal solid waste disposed of in landfills;

2. Increase recycling, composting, and anaerobic digestion of municipal solid waste components;

3. Increase the recovery of energy from municipal solid waste;

4. Provide a clear and achievable standard for municipal solid waste management across the State’s counties; and

5. Encourage an orderly and deliberate development of municipal solid waste management facilities that:

   (I) Recycle, compost, and anaerobically digest municipal solid waste components; and

   (II) Recover energy from municipal solid waste.
(b) The General Assembly finds that:

(1) A municipal solid waste management goal that fosters an integrated municipal solid waste management system in a manner appropriate to the characteristics of the waste stream and utilizes municipal solid waste as an energy resource will protect the State's environment and other natural resources and the public health;

(2) The U.S. Environmental Protection Agency has found that the landfilling of solid waste either loses energy or, when equipped with energy recovery, produces less than 0.5 MMBTU per ton of mixed recyclables depending on the landfill system, while recycling saves approximately 16 MMBTU per ton of mixed recyclables, and energy recovery produces nearly 7 MMBTU per ton of mixed recyclables; and

(3) The following municipal solid waste management practices are listed in order of preference:

(I) Waste reduction and reuse;

(II) Recycling and anaerobic digestion;

(III) Composting;

(IV) Energy recovery;

(V) Landfilling with methane gas or with a methane collection system; and

(VI) Landfilling without methane collection.

7-803.

(a) The Department shall implement and manage a municipal solid waste portfolio standard that applies to each county in the State.

(b) The municipal solid waste portfolio standard shall be as follows:
(1) In 2015, a minimum of 20% of municipal solid waste processed through recycling and a maximum of 80% of unprocessed mixed municipal solid waste disposed of in a landfill;

(2) In 2016, a minimum of 22% of municipal solid waste processed through recycling and a maximum of 75% of unprocessed mixed municipal solid waste disposed of in a landfill;

(3) In 2017, a minimum of 24% of municipal solid waste processed through recycling and a maximum of 70% of unprocessed mixed municipal solid waste disposed of in a landfill;

(4) In 2018, a minimum of 26% of municipal solid waste processed through recycling and a maximum of 65% of unprocessed mixed municipal solid waste disposed of in a landfill;

(5) In 2019, a minimum of 28% of municipal solid waste processed through recycling and a maximum of 60% of unprocessed mixed municipal solid waste disposed of in a landfill;

(6) In 2020, a minimum of 30% of municipal solid waste processed through recycling and a maximum of 55% of unprocessed mixed municipal solid waste disposed of in a landfill;

(7) In 2021, a minimum of 32% of municipal solid waste processed through recycling and a maximum of 50% of unprocessed mixed municipal solid waste disposed of in a landfill;

(8) In 2022, a minimum of 34% of municipal solid waste processed through recycling and a maximum of 45% of unprocessed mixed municipal solid waste disposed of in a landfill;

(9) In 2023, a minimum of 36% of municipal solid waste processed through recycling and a maximum of 40% of unprocessed mixed municipal solid waste disposed of in a landfill;

(10) In 2024, a minimum of 38% of municipal solid waste processed through recycling and a maximum of 35% of unprocessed mixed municipal solid waste disposed of in a landfill;

(11) In 2025, a minimum of 40% of municipal solid waste processed through recycling and a maximum of 30% of unprocessed mixed municipal solid waste disposed of in a landfill;
(12) In 2026, a minimum of 42% of municipal solid waste processed through recycling and a maximum of 25% of unprocessed mixed municipal solid waste disposed of in a landfill;

(13) In 2027, a minimum of 44% of municipal solid waste processed through recycling and a maximum of 20% of unprocessed mixed municipal solid waste disposed of in a landfill;

(14) In 2028, a minimum of 46% of municipal solid waste processed through recycling and a maximum of 15% of unprocessed mixed municipal solid waste disposed of in a landfill;

(15) In 2029, a minimum of 48% of municipal solid waste processed through recycling and a maximum of 10% of unprocessed mixed municipal solid waste disposed of in a landfill; and

(16) In 2030, a minimum of 50% of municipal solid waste processed through recycling and a maximum of 5% of unprocessed mixed municipal solid waste disposed of in a landfill; and

(17) In 2031 and later, a minimum of 50% of municipal solid waste processed through recycling and a maximum of 0% of unprocessed mixed municipal solid waste disposed of in a landfill.

7–804.

(A) Each county shall submit a report to the Department each year in a form and by a date specified by the Department that demonstrates that the county has complied with the applicable municipal solid waste portfolio standard under § 7–803 of this subtitle.

(B) If a county fails to comply with the municipal solid waste portfolio standard for the applicable year, the county shall pay into the Fund a compliance fee of:

(1) the following for the shortfall from the required minimum amount of recycling adjusted for the index each calendar year:

   (i) $1 per ton in 2015 and 2016;

   (ii) $2 per ton in 2017 and 2018;
(III) $4 per ton in 2019 through 2022;
(IV) $8 per ton in 2023 through 2025;
(V) $16 per ton in 2026 through 2028;
(VI) $20 per ton in 2029; and
(VII) $25 per ton in 2030 and later; and

(2) The following for the shortfall from the required maximum amount of the disposal of unprocessed mixed municipal solid waste adjusted for the index each calendar year:

(I) $1 per ton in 2015 and 2016;
(II) $2 per ton in 2017 and 2018;
(III) $4 per ton in 2019 through 2022;
(IV) $8 per ton in 2023 through 2025;
(V) $16 per ton in 2026 through 2028;
(VI) $20 per ton in 2029; and
(VII) $25 per ton in 2030 and later.

(C) Compliance fees paid under this section into the fund may be used only to provide grants, loans, and other assistance as necessary and appropriate to implement the purposes of the municipal solid waste portfolio standard under this subtitle.

7–805.

(A) The department has the power and authority to implement the provisions of this subtitle, including investigating and examining each county to determine compliance with this subtitle.

(B) (1) Beginning January 1, 2015, the department shall designate an individual to be responsible for the oversight of compliance with the requirements of the municipal solid waste portfolio standard,
(2) The individual designated under paragraph (1) of this subsection shall:

   (i) develop a municipal solid waste program based on the requirements of this subtitle to ensure counties comply with the municipal solid waste portfolio standard;

   (ii) provide education and outreach to promote compliance with the municipal solid waste portfolio standard;

   (iii) make policy recommendations to the Department and the counties regarding improving the State's integrated municipal solid waste management system; and

   (iv) make recommendations, as determined by the Department, to the Administration for programs, projects, and activities that may be supported through the use of grants, loans, and other assistance from the Fund.

7–806.

On or before February 1 of each year, the Department shall report to the Administration, the Commission, and, in accordance with § 2–1246 of the State Government Article, the General Assembly on the status of the implementation of this subtitle, including the amount of compliance fees paid, the programs, projects, and activities supported through the use of grants, loans, and other assistance from the Fund, and other pertinent information.

7–807.

The Department shall adopt regulations to implement the provisions of this subtitle.

Article—State Government

9–20B–02.

There is a Maryland Strategic Energy Investment Program in the Maryland Energy Administration.

9–20B–03.
The purpose of the Program is to decrease energy demand for raw materials and increase energy supply to promote affordable, reliable, and clean energy to fuel Maryland’s future prosperity.

9–20B–04.

The Administration shall:

(1) manage, supervise, and administer the Program;

(2) adopt regulations to implement the Program and to ensure that Fund resources are utilized only to carry out the purposes of the Program;

(3) attach specific terms and conditions to any grant, loan, or other form of assistance that are determined by the Administration as necessary to ensure that the purposes of the Program are fulfilled;

(4) develop procedures for monitoring programs, projects, activities, and investments to verify that Fund resources are being used to meet the purposes of the Program; [and]

(5) provide grants, loans, and other assistance, as recommended by the Department of the Environment, to implement the purposes of the Municipal Solid Waste Portfolio Standard under Title 7, Subtitle 8 of the Public Utilities Article; and

(6) provide moneys annually or as needed to the Clean Air Fund managed by the Department of the Environment to fund the costs of the Department’s programs to reduce or mitigate the effects of climate change.

9–20B–05.

(a) There is a Maryland Strategic Energy Investment Fund.

(b) The purpose of the Fund is to implement the Strategic Energy Investment Program.

(c) The Administration shall administer the Fund.

(d) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(2) The Treasurer shall hold the Fund separately and the Comptroller shall account for the Fund.

(e) The Fund consists of:
(1) all of the proceeds from the sale of allowances under § 2–1002(g) of the Environment Article;

(2) money appropriated in the State budget to the Program;

(3) repayments and prepayments of principal and interest on loans made from the Fund;

(4) interest and investment earnings on the Fund;

(5) compliance fees paid under § 7–705 of the Public Utilities Article; and

(6) COMPLIANCE FEES PAID UNDER § 7–804 OF THE PUBLIC UTILITIES ARTICLE; AND

(7) money received from any public or private source for the benefit of the Fund.

(f) The Administration shall use the Fund:

(1) to invest in the promotion, development, and implementation of:

(i) cost-effective energy efficiency and conservation programs, projects, or activities, including measurement and verification of energy savings;

(ii) renewable and clean energy resources;

(iii) climate change programs directly related to reducing or mitigating the effects of climate change; and

(iv) demand response programs that are designed to promote changes in electric usage by customers in response to:

1. changes in the price of electricity over time; or

2. incentives designed to induce lower electricity use at times of high wholesale market prices or when system reliability is jeopardized;

(2) to provide targeted programs, projects, activities, and investments to reduce electricity consumption by customers in the low income and moderate income residential sectors;

(3) to provide supplemental funds for low-income energy assistance through the Electric Universal Service Program established under § 7–512.1 of the
Public Utilities Article and other electric assistance programs in the Department of Human Resources;

(4) to provide rate relief by offsetting electricity rates of residential customers, including an offset of surcharges imposed on ratepayers under § 7–211 of the Public Utilities Article;

(5) to provide grants, loans, and other assistance and investment as necessary and appropriate to implement the purposes of the Program as set forth in § 9–20B–03 of this subtitle;

(6) TO PROVIDE GRANTS, LOANS, AND OTHER ASSISTANCE AS NECESSARY AND APPROPRIATE TO IMPLEMENT THE PURPOSES OF THE MUNICIPAL SOLID WASTE PORTFOLIO STANDARD UNDER TITLE 7, SUBTITLE 8 OF THE PUBLIC UTILITIES ARTICLE FROM COMPLIANCE FEES PAID UNDER § 7–804 OF THE PUBLIC UTILITIES ARTICLE;

[(6)](7) to implement energy-related public education and outreach initiatives regarding reducing energy consumption and greenhouse gas emissions; and

[(7)](8) to pay the expenses of the Program.

(g) Except as provided in subsection (g–1) of this section, proceeds received by the Fund from the sale of allowances under § 2–1002(g) of the Environment Article shall be allocated to the following accounts:

(1) 17% shall be credited to an energy assistance account to be used for the Electric Universal Service Program and other electricity assistance programs in the Department of Human Resources;

(2) except as provided in subsection (g–2) of this section, 23% shall be credited to a rate relief account to provide rate relief by offsetting electricity rates of residential customers, including an offset of surcharges imposed on ratepayers under § 7–211 of the Public Utilities Article, on a per customer basis and in a manner prescribed by the Public Service Commission;

(3) at least 46% shall be credited to a low and moderate income efficiency and conservation programs account and to a general efficiency and conservation programs account for energy efficiency and conservation programs, projects, or activities and demand response programs, of which at least one-half shall be targeted to the low and moderate income efficiency and conservation programs account for:

(i) the low-income residential sector at no cost to the participants of the programs, projects, or activities; and
(ii) the moderate-income residential sector;

(4) up to 10.5% shall be credited to a renewable and clean energy programs account for:

(i) subject to subsection (i) of this section, renewable and clean energy programs and initiatives;

(ii) energy-related public education and outreach; and

(iii) climate change programs;

(5) up to 3.5%, but not more than $4,000,000, shall be credited to an administrative expense account for costs related to the administration of the Fund, including the review of electric company plans for achieving electricity savings and demand reductions that the electric companies are required under law to submit to the Administration.

(g–1) The proceeds described in subsection (g) of this section from the allowances sold between March 1, 2009, and June 30, 2012, shall be allocated as follows:

(1) up to 50% shall be credited to an energy assistance account to be used as described in subsection (g)(1) of this section;

(2) 23% shall be credited to a rate relief account to be allocated as provided in subsection (g)(2) of this section;

(3) at least 17.5% shall be credited to a low and moderate income efficiency and conservation programs account and to a general efficiency and conservation programs account to be allocated as provided in subsection (g)(3) of this section;

(4) at least 6.5% shall be credited to a renewable and clean energy programs account to be allocated as provided in subsection (g)(4) of this section; and

(5) up to 3.0%, but not more than $4,000,000, shall be credited to an administrative expense account to be allocated as provided in subsection (g)(5) of this section.

(g–2) Subsection (g)(2) of this section does not apply to residential customers of a small rural electric cooperative, as defined in § 1–101 of the Public Utilities Article.

(h) (1) Energy efficiency and conservation programs under subsection (g)(3) of this section include:

(i) low-income energy efficiency programs;
(ii) residential and small business energy efficiency programs;

(iii) commercial and industrial energy efficiency programs;

(iv) State and local energy efficiency programs;

(v) demand response programs;

(vi) loan programs and alternative financing mechanisms; and

(vii) grants to training funds and other organizations supporting job training for deployment of energy efficiency and energy conservation technology and equipment.

(2) Energy–related public education and outreach and renewable and clean energy programs and initiatives under subsection (g)(4)(i) and (ii) of this section include:

(i) production incentives for specified renewable energy sources;

(ii) expansion of existing grant programs for solar, geothermal, and wind programs;

(iii) loan programs and alternative financing mechanisms; and

(iv) consumer education and outreach programs that are designed to reach low-income communities.

(i) (1) Except as provided in paragraph (2) of this subsection, compliance fees paid under § 7–705(b) of the Public Utilities Article may be used only to make loans and grants to support the creation of new Tier 1 renewable energy sources in the State.

(2) Compliance fees paid under § 7–804 of the Public Utilities Article shall be accounted for separately within the Fund and may be used only to make loans and grants to support the creation of new solar energy sources in the State.

(J) COMPLIANCE FEES PAID UNDER § 7–804 OF THE PUBLIC UTILITIES ARTICLE MAY BE USED ONLY TO PROVIDE GRANTS, LOANS, AND OTHER ASSISTANCE AS NECESSARY AND APPROPRIATE TO IMPLEMENT THE PURPOSES OF THE MUNICIPAL SOLID WASTE PORTFOLIO STANDARD UNDER TITLE 7, SUBTITLE 8 OF THE PUBLIC UTILITIES ARTICLE.
The Treasurer shall invest the money of the Fund in the same manner as other State money may be invested. Any investment earnings of the Fund shall be paid into an administrative expense account within the Fund. Any repayment of principal and interest on loans made from the Fund shall be paid into the Fund. Balances in the Fund shall be held for the benefit of the Program, shall be expended solely for the purposes of the Program, and may not be used for the general obligations of government. Expenditures from the Fund shall be made by:

1. an appropriation in the annual State budget; or
2. a budget amendment in accordance with § 7–209 of the State Finance and Procurement Article.

An expenditure by budget amendment may be made under subsection [(k)] (L) of this section only after:

1. the Administration has submitted the proposed budget amendment and supporting documentation to the Senate Budget and Taxation Committee, Senate Finance Committee, House Appropriations Committee, and House Economic Matters Committee; and
2. the committees have had 45 days for review and comment.

On or before January 1 of each year, the Administration shall report to the Governor and, in accordance with § 2–1246 of this article, to the General Assembly on the uses and expenditures of the Fund from the prior fiscal year.

The report shall include:

1. a detailed accounting of all amounts received by and disbursed from the Fund;
2. all amounts used by the Administration for administrative purposes;
3. programs, projects, and activities included in each category under § 9–20B–05(g) of this subtitle;
(4) the status of programs, projects, activities, and investments implemented with funds from the Fund, including an evaluation of the impact of the programs, projects, activities, and investments that are directed to low-income or moderate-income residential sectors or to other particular classes of ratepayers;

(5) an estimate of electricity savings from the programs, projects, activities, and investments;

(6) the number of allowances sold in each auction;

(7) the average allowance price from each auction;

(8) an estimate of revenue from future auctions; [and]

(9) recommendations for changes to the allocation of funds under § 9–20B–05(g) of this subtitle;

(10) BEGINNING IN 2016, PROGRAMS, PROJECTS, AND ACTIVITIES SUPPORTED BY MUNICIPAL SOLID WASTE PORTFOLIO COMPLIANCE FEES UNDER § 7–804 OF THE PUBLIC UTILITIES ARTICLE; AND


SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect June 1, 2013. It shall remain effective for a period of 1 year and 7 months, and at the end of December 31, 2014, with no further action required by the General Assembly, Section 3 of this Act shall be abrogated and of no further force and effect.

SECTION 2–5. AND BE IT FURTHER ENACTED, That, except as provided in Section 4 of this Act, this Act shall take effect October 1, 2013.

Approved:

___________________________________________________________
Governor.

___________________________________________________________
President of the Senate.

___________________________________________________________
Speaker of the House of Delegates.