



**Committee:** TE  
**Committee Review:** At a future date  
**Staff:** Jim Ogorzalek, Legislative Attorney  
**Purpose:** To receive testimony – no vote expected

AGENDA ITEM #8  
February 24, 2026  
**Public Hearing**

## **SUBJECT**

Bill 2-26, Taxation – Fuel-energy tax – Green Bank – Amendments

Lead Sponsors: Councilmembers Luedtke, Friedson, and Glass

Co-sponsors: Council Vice President Balcombe and Councilmembers Stewart, Katz, Evans, and Jawando

## **EXPECTED ATTENDEES**

Members of the public

## **COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION**

Receive public testimony

## **DESCRIPTION/ISSUE**

Bill 2-26 would:

- (1) allow the Montgomery County Green Bank to use revenue received from the fuel-energy tax toward resiliency activities; and
- (2) generally amend the law regarding the fuel-energy tax.

## **SUMMARY OF KEY DISCUSSION POINTS**

N/A

### **This report contains:**

Staff Report	Pages 1–2
Bill 2-26	© 1
Fiscal Impact Statement	© 3
Climate Assessment	© 4
Racial Equity and Social Justice Impact Statement	© 12

\*The Economic Impact Statement was not available at the time of publication of this staff report. It can be found at the below address when available: [Racial Equity and Social Justice, Economic, and Climate Impact Statements - Office of Legislative Oversight - Montgomery County, Maryland \(montgomerycountymd.gov\)](https://montgomerycountymd.gov/legis/oversight/impact-statements)

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## MEMORANDUM

February 19, 2026

TO: County Council

FROM: Jim Ogorzalek, Legislative Attorney

SUBJECT: Bill 2-26, Taxation – Fuel-energy tax – Green Bank – Amendments

PURPOSE: Introduction – no Council votes required

Bill 2-26, Taxation – Fuel-energy tax – Green Bank – Amendments, was introduced on January 20, 2026. Its Lead Sponsors are Councilmembers Luedtke, Friedson, and Glass. The bill's Co-sponsors are Council Vice President Balcombe and Councilmembers Stewart, Katz, Evans, and Jawando. A public hearing on the bill will occur on February 24, 2026, at 1:30 p.m. A worksession of the Transportation & Environment (TE) Committee will be scheduled at a future date.

Bill 2-26 would:

- (1) allow the Montgomery County Green Bank to use revenue received from the fuel-energy tax toward resiliency activities; and
- (2) generally amend the law regarding the fuel-energy tax.

### **Background**

Established by Bill 18-15, the Montgomery County Green Bank (“MCGB”) is a designated nonprofit corporation that under current law is intended “to promote and support investment in climate change mitigation and adaptation activities and provide financing for climate change mitigation and adaptation activities in the County.” M.C.C. 18A-44. The Fuel-energy tax “is levied and imposed on every person transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas in the County.” M.C.C. 52-14(a)(1).

By Bill 44-21, the Council mandated that it “must appropriate 10% of the revenue received by the County from the fuel-energy tax each year to the nonprofit corporation designated as the Montgomery County Green Bank.” M.C.C. § 52-14(j). At the time of Bill 44-21’s enactment, MCGB had a narrower mandate limited only to investment in clean energy technologies and not work related to mitigation or adaptation activities.

By Bill 3-23, the Council expanded MCGB’s statutory purpose to the current language in M.C.C. 18A-44 set forth above. The expanded mandate came in response to legislation adopted by the General Assembly in 2020, authorizing local governments to create a “Resilience Authority” to mitigate the impacts of climate risk. Having determined “that creating a Resilience Authority in Montgomery County at this time would not provide any benefits to the County that could not be achieved by expanding the authority of the Green Bank,” the County Executive transmitted what would become Bill 3-23. *See* County Executive Memorandum, included in Bill 3-23 Staff Introduction Packet at ©9–10, available at [https://apps.montgomerycountymd.gov/ccllims/DownloadFilePage?FileName=2778\\_1\\_23735\\_Bill\\_3-2023\\_Introduction\\_20230131.pdf](https://apps.montgomerycountymd.gov/ccllims/DownloadFilePage?FileName=2778_1_23735_Bill_3-2023_Introduction_20230131.pdf).

During consideration of Bill 3-23, the Transportation and Environment (TE) Committee determined that the broader mandate given to MCGB raised questions related to the 10% appropriation set forth in Bill 44-21. As a result, the TE Committee sponsored Bill 28-23, restricting MCGB’s use of fuel-energy tax revenues to “promote the investment in clean energy technologies and to provide financing for clean energy technologies, including renewable energy and energy efficiency projects” and expressly providing that they “must not be used for resiliency activities.” M.C.C. § 51-15(k).

### **Bill Specifics**

Bill 2-26 would eliminate the restriction in 52-14(k), which prevents MCGB from using appropriations derived from fuel-energy tax revenues for resiliency activities. Rather, the bill would amend that section to expressly allow MCGB to use these funds to promote resiliency activities or provide financing for resiliency activities, in addition to the currently allowed uses of promoting investment in and providing financing for clean energy technologies.

### **SUMMARY OF IMPACT STATEMENTS\***

**Fiscal impact.** According to the Office of Management and Budget “Bill 2-26 is not [expected] to impact revenues or expenditures.”

**Climate assessment.** “The Office of Legislative Oversight (OLO) anticipates Bill 2-26 will have a positive impact on the County’s contribution to addressing climate change, including community climate resilience, as it would allow the Green Bank more flexibility to fund resiliency projects. Planned resiliency projects would positively impact the County’s climate resilience, and some proposed projects have a co-benefit of reducing greenhouse gas (GHG) emissions.”

**Racial equity and social justice.** “The Office of Legislative Oversight (OLO) finds the anticipated racial equity and social justice (RESJ) impact of Bill 2-26 is indeterminate. Black, Indigenous, and other People of Color (BIPOC) community members could disproportionately benefit from additional resources for the Green Bank to fund climate resiliency projects, since they are most harmed by the effects of climate change. However, based on data from past Green Bank investments, it is unclear the extent to which BIPOC community members will benefit from climate resiliency investments enabled by Bill 2-26.”

<u>This packet contains:</u>	<u>Circle #</u>
Bill 2-26	1
Fiscal Impact Statement	3
Climate Assessment	4
Racial Equity and Social Justice Impact Statement	12

\*The Economic Impact Statement was not available at the time of publication of this staff report. It can be found at the below address when available: [Racial Equity and Social Justice, Economic, and Climate Impact Statements - Office of Legislative Oversight - Montgomery County, Maryland \(montgomerycountymd.gov\)](https://montgomerycountymd.gov/legislativeservices/legislativeservices/Pages/Racial-Equity-and-Social-Justice-Economic-and-Climate-Impact-Statements.aspx)

Bill No. 2-26  
Concerning: Taxation – Fuel-energy tax –  
Green Bank – Amendments  
Revised: 1/13/2026 Draft No. 2  
Introduced: January 20, 2026  
Expiration: December 7, 2026  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: \_\_\_\_\_  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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Lead Sponsors: Councilmembers Luedtke, Friedson, and Glass  
Co-sponsors: Council Vice President Balcombe and Councilmembers Stewart, Katz, Evans, and  
Jawando

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**AN ACT** to:

- (1) allow the Montgomery County Green Bank to use revenue received from the fuel-energy tax toward resiliency activities; and
- (2) generally amend the law regarding the fuel-energy tax.

By amending

Montgomery County Code  
Chapter 52, Taxation  
Section 52-14

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*





# Fiscal Impact Statement

Office of Management and Budget

## Bill 2-26

## Bill 2-26, Taxation - Fuel-energy tax - Green Bank - Amendments

### Bill Summary

Bill 2-26 amends the law relating to how the Montgomery County Green Bank (MCGB) may use funds appropriated to it by the County. Current law prohibits the MCGB from using the funds on "resiliency activities." Bill 2-26 removes that prohibition and explicitly adds resiliency activities as an allowable use of County-appropriated funds.

### Fiscal Impact Summary

Bill 2-26 is not estimated to impact revenues or expenditures.

### Fiscal Impact Analysis

Current law mandates that the County Council appropriate to the MCGB an amount equal to 10% of Energy Tax receipts. Bill 2-26 amends the allowable use of funds appropriated to the MCGB to include resiliency activities, but does not change the appropriation calculation. As a result, the legislation is not expected to impact revenues or expenditures.

### Staff Impact

The bill is not expected to impact staff time or duties.

### Actuarial Analysis

The bill is not expected to impact retiree pension or group insurance costs.

### Information Technology Impact

The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.

### Other Information

*Later actions that may impact revenue or expenditures if future spending is projected*

The bill does not authorize future spending.

### Contributors

Richard H. Harris, Office of Management and Budget



# Climate Assessment

Office of Legislative Oversight

## **BILL 2-26: TAXATION – FUEL – ENERGY TAX – GREEN BANK - AMENDMENTS**

### **SUMMARY**

The Office of Legislative Oversight (OLO) anticipates Bill 2-26 will have a positive impact on the County’s contribution to addressing climate change, including community climate resilience, as it would allow the Green Bank more flexibility to fund resiliency projects. Planned resiliency projects would positively impact the County’s climate resilience and some proposed projects have a co-benefit of reducing greenhouse gas (GHG) emissions.

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### **BACKGROUND AND PURPOSE OF BILL 2-26**

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. This law 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 Montgomery County Green Bank is a publicly chartered 501c3 nonprofit focused on accelerating energy efficiency, renewable energy, and clean energy investment in the County. They finance their projects with funding from the County, in addition to other public and private contributors.<sup>3</sup>

In 2023, the Council passed legislation that enabled the Green Bank to finance climate resiliency projects and activities, in addition to clean energy projects.<sup>4</sup> The Council subsequently passed legislation that restricted the Green Bank from funding resiliency projects with revenues from the fuel-energy tax. Instead, the Green Bank could only use fuel-energy tax revenues to “promote the investment in clean energy technologies and to provide financing for clean energy technologies, including renewable energy and energy efficiency projects.”<sup>5</sup>

If enacted, Bill 2-26 would eliminate this restriction. Instead, the Bill would allow the Green Bank to use funds from the fuel-energy tax to promote or provide financing for resiliency activities, in addition to projects related to clean energy.<sup>6</sup>

The County Council introduced Bill 2-26, Taxation – Fuel-energy tax – Green Bank – Amendments on January 20, 2026.

# METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

**Methodology.** OLO reviewed literature on climate resilience, reviewed Green Bank annual reports, and spoke to Green Bank staff to better understand the impacts of this Bill.

**Assumptions.** OLO assumes that by unrestricting funds from the fuel-energy tax revenue, the Green Bank will have more flexibility in funding resiliency projects, as the Green Bank does not currently have a dedicated funding stream for resilience projects unrelated to energy. OLO also assumes a significant amount of resiliency activities financed by the Green Bank would have co-benefits of GHG emissions reduction and/or carbon sequestration.

**Uncertainties.** OLO cannot determine the amount of resilience projects that would be funded by the fuel energy tax revenue, nor the amount of funds the Green Bank will receive annually from tax revenue.

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## RESILIENCY ACTIVITIES

Resilience is a broad spectrum and there are many different types of resilience activities local government can pursue. In the National Resilience Guidance published by FEMA, resilience is defined as “the ability to prepare for threats and hazards, adapt to changing conditions, and withstand and recover rapidly from adverse conditions and disruptions.”<sup>7</sup> Typically, resilience strategies are oriented at better response and recovery from events like natural disasters such as heat waves, extreme precipitation, hurricanes, tornadoes, and other extreme weather occurrences.<sup>8</sup> Common resiliency actions and activities include building and upgrading infrastructure to withstand future flooding events exacerbated by climate change, installing green infrastructure like shade trees to decrease local surface temperatures, and developing jurisdiction-wide plans to protect local resources such as public water systems and other critical infrastructure.<sup>9</sup>

National guidance from FEMA and the EPA also recommend local jurisdictions prioritize resiliency actions that target climate risks specific to their jurisdictions. In Montgomery County, the Climate Action Plan identifies extreme temperatures, extreme precipitation, drought, and high winds as the four largest climate risks the County faces. The Montgomery County Green Bank resilience strategy aligns with these climate risks.<sup>10</sup>

The Green Bank’s resilience strategy is built on two key resilience pillars; physical and energy resilience. Within these, there are strategies broken down by focus area. The resilience strategies include planning and preparing for future climate hazards, recovering from extreme weather events while minimizing the cost and loss of resources, and adapting to future weather conditions.<sup>11</sup> Specifically, physical resilience strategies focus on:

- **Climate risk reduction** such as flood mitigation, extreme heat resilience, and preparation for extreme weather events
- **Water management** such as water conservation, water efficiency, and water damage mitigation; and
- **Community wellbeing** such as structural solutions like indoor air quality initiatives and community education and capacity building.

The other pillar, energy resilience, focuses on enhancing the County’s grid resiliency while investing in reliability improvements during electric service disruptions exacerbated by climate change.<sup>12</sup>

Resiliency projects can have co-benefits, such as social, economic, environmental, and climate change related benefits.<sup>13</sup> For example, a microgrid is an example of an energy resilience project which allows facilities (i.e., hospitals, emergency communication centers, etc.) to maintain power during power disruptions in the main power grid. As a microgrid is usually powered by solar, wind, or another form of clean energy, it has the co-benefit of decreasing GHG emissions associated with the operations of a facility powered by a microgrid.<sup>14</sup>

The Green Bank shared with OLO a list of resiliency projects eligible for financing but have not yet been funded. This list serves as an example of what resilience actions undertaken by the Green Bank could look like in the future.<sup>1</sup> Some of the proposed resiliency projects that have the potential co-benefit of reducing greenhouse gas emissions include:

- **Installation of green roofs and walls** – Green roofs and walls are those with a vegetative layer grown on its surface and can reduce the amount of energy needed to cool and heat a building, which can decrease the amount of GHG emissions associated with building energy;<sup>15</sup>
- **Installation of reflective light-colored material in roofs** – Light-colored roofs are designed to reflect more sunlight compared to darker-colored roofs which lowers the temperature of the building and reduces the energy needed and amount of GHG emissions associated building energy;<sup>16</sup>
- **Installation of insulation against extreme cold** – Better insulation in buildings can decrease the amount of energy and GHG emissions needed to heat a building;<sup>17</sup>
- **Creation of urban green spaces** – Urban green spaces, which includes parks, trees, and community gardens, have many co-benefits such as improved stormwater management and drainage, improved air quality, improved public health, and carbon sequestration through trees and vegetation;<sup>18</sup>

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<sup>1</sup> A full list of resiliency projects eligible for funding is available in the appendix.

- **Installation of heat pumps** – Heat pumps are more energy efficient than gas furnaces which can decrease the amount energy needed to heat a building, also eliminating natural gas which emits carbon dioxide when burned and methane through leaks during production; and <sup>19</sup>
- **Implementation of energy storage** – Energy storage captures electricity, stores it, and then can be released for use when needed. This is beneficial as the stored energy can be used during periods of high demand on the electrical grid system, which if widely adopted, can decrease strain on the grid. Energy storage projects are often paired with solar energy, which can decrease the amount of GHG emissions associated with energy use.<sup>20</sup>

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## ANTICIPATED IMPACTS

Currently, the Montgomery County Green Bank does not have a dedicated funding stream for resilience projects. The Green Bank can only fund resilience projects through recycled and unrestricted balance sheet capital, which is limited to a few million dollars a year. However, the Green Bank has more than \$50 million in planned resilience activities in their pipeline. Allowing the Green Bank to use fuel-energy tax revenue would aid in the financing of these projects.<sup>21</sup>

In fiscal year 2024, the Green Bank received \$18,211,032.03 from fuel tax revenue and \$17,270,754.10 in FY25.<sup>22</sup> While the revenue would not finance all planned resilience activities in the Green Bank’s pipeline, it would allow for a significant amount of projects to be funded, compared to the few million dollars a year the Green Bank has current access to for resiliency projects. However, this Bill would not increase the amount of total funds available to the Green Bank for financing projects. Rather, it would provide them with more flexibility to direct funds to resilience projects other than those that directly impact energy resilience.

The Office of Legislative Oversight (OLO) anticipates Bill 2-26 to have a positive impact on the County’s contribution to climate change as it would allow the Green Bank to fund more resiliency projects. The specific impacts on the County’s GHG emissions and community resilience are as follows:

**Greenhouse Gas Emissions.** Some planned resiliency projects by the Green Bank have the potential to reduce GHG emissions and sequester carbon as a co-benefit. By allowing the Green Bank more flexibility for financing resiliency projects, it increases opportunities for resiliency projects in the County to be completed which could decrease GHG emissions and sequester carbon emissions as a co-benefit.

**Community Resilience.** The Green Bank is authorized to conduct resilience activities for the County and increasing its capacity to fund resilience activities would have a direct, positive impact on the County’s climate resilience. Resilience activities the Green Bank can fund ranges from:

- Physical upgrades to buildings and infrastructure, which increases its ability to withstand extreme temperatures and weather events due to climate change; and
- Energy resilience which can improve the County’s ability to withstand electrical service disruptions which is predicted to increase due to climate change.

Under the current law, the Green Bank cannot access fuel tax revenue funds for non-energy resilience projects. The Bill would allow for greater flexibility to fund resilience projects that could have multiple positive impacts on community resilience, such as improving a building’s ability to withstand floods, extreme temperatures, and droughts.

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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>23</sup> OLO does not offer recommendations or amendments as Bill 2-26 is likely to have a 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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## **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.

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## **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 adaptative 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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# APPENDIX

This chart summarizes resiliency projects that are eligible to be funded by the Green Bank but have not yet been financed. This helps illustrate what resiliency actions could be taken in the future by the Green Bank.

Resilience Investment Group	Resilience Investment
Group A – Physical Resilience	Installation of Electrical Protection
	Installation of Emergency Exit
	Installation of Emergency Water Supply
	Installation of Fire Resistant Materials
	Installation of Condensate Capture and Use Systems
	Installation of Water Efficiency Fittings and Fixings
	Aerodynamic Building Design
	Strengthening Building Structure
	Strengthening External Fitting
	Strengthening Roofs
	Strengthening Windows and Doors
	Installation of Adjusted Drainage Capacity
	Installation of Flood Barriers and Floodproofing
	Installation of Flood, Leak Detection and Warning System
	Installation of Green Roofs and Walls
	Implementation of Passive or Natural Ventilation
	Installation of Thermal Mass
	Installation of Reflective Light-Colored Material in Walls, Windows, Roofs
	Installation of Shading Devices
	Installation of Water-Based Cooling Including Water Walls
	Adjustment of Drainage Capacity
	Ensuring Emergency Water Supply
	Installation of No-Return Valves
	Improving Quality of Roofs
	Installation of Insulation Against Extreme Cold
	Conducting Assessment of Transportation Routes Based on Extreme Heat Risks
	Development of Heat-Resistant Packaging and Handling Protocols
	Design of Building Shape for Shedding Snow/Ice
	Development of Flood Emergency Response Plans and Protocols
	Construction of Flood Barriers, Drainage, and Floodproofing Measures
	Installing Flood Defenses in Substations
	Early warning system and disaster preparedness measures
	Education Awareness – Vocational training on heat-related disaster skills
	Education Awareness – Development of programs on physical climate impacts
Education Awareness – Campaigns on public awareness (flood, heat, extreme weather events)	
Constructing / renovating / managing urban developments	
Installation of sheltered walkways and building connections	

	Creation of urban green spaces
	Installation of permeable paving and other external surfaces
	Landscaping to manage surface run-off
	Installation of bioswales and rain gardens
	Relocation of vulnerable assets
	Managing passive landslides
	Managing urban vegetation
	Creation of firebreaks
	Installation of urban rainwater collection and storage systems
	Expansion of waste collection and processing services
	Constructing / renovating / managing solid waste management infrastructure
	Implementation of stormwater separation
	Constructing / expanding / operating / upgrading wastewater treatment systems
	Expansion of wastewater recycling for non-potable uses
	Constructing / upgrading / managing wastewater infrastructure
	Storm shutters
	Provide adequate insulation and ventilation (natural ventilation, ceiling fans)
	Repair leaking plumbing
	Replace plumbing fixtures and upgrade to WaterSense approved items (toilet, showerhead, faucets)
	Switch to more efficient water systems (Heat pump water heater, indirect water heater, natural gas storage or condensing water heater, on-demand tankless water heater)
	Repoint deteriorated mortar in basement walls and around windows
	Seal wall penetrations
	Lead abatement and remediation
	Mold abatement and remediation
	New construction - exclusively for the design and implementation of resilience-related investments
Group B – Energy Resilience	Installing flood defenses in substations
	Mechanically strengthening transmission & distribution lines
	Installation of Backup Power Supplies and Storage
	Installation of Heat Pumps
	Installation of Thermal Insulation of Walls, Windows, or Roofs
	Improving Quality of Windows and Doors
	Installation of Lightning Rods
	Installing Underground Transmission/Distribution Lines
	Electric service upgrade or alternative system installation
	ENERGY STAR appliances
	Construction/expanding/operating/upgrading power transmission and distribution system
	Implementation of energy storage
	Implementation of weather/energy use monitoring, forecasting, and modeling system
	Installing automatic grid controls
	Installing mini/micro grids
	Installing safety and emergency system

Managing vegetation around transmission/distribution lines
Relocating substation
Strengthening grid configuration
Structurally strengthening substation roofs and walls
Installation of Reduced Heat Emitting Electrical Fittings
Installation of raised equipment
Installation of wall insulation
Implementation of passive or natural ventilation
Installation of conventional cooling
Installation of cool lighting
Installation of Green Roofs and Walls

Source: Montgomery County Green Bank

- <sup>1</sup> ["Fuel Energy Tax Information", Montgomery County Government, Accessed 1/20/2026.](#)
- <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 1/20/2026.](#)
- <sup>4</sup> [Bill 3-23, Environmental Sustainability - Montgomery County Green Bank, Montgomery County Council, Effective date July 3, 2023.](#)
- <sup>5</sup> [Bill 28-23: Taxation - Fuel Energy Tax - Green Bank, Montgomery County Council, Effective Date November 6, 2023.](#)
- <sup>6</sup> [Introduction Staff Report for Bill 2-26, Taxation - Fuel-energy tax - Green Bank - Amendments, Montgomery County Council, Introduced January 20, 2026.](#)
- <sup>7</sup> [FEMA, "National Resilience Guidance: A Collaborative Approach to Building Resilience", August 2024.](#)
- <sup>8</sup> [Maryland Department of Natural Resources, "Supporting Climate Adaptation in our Communities", Accessed 2/10/2026.](#)
- <sup>9</sup> [National Institute of Science and Technology, "Guide Brief 3: Existing Community Resilience Activities Identifying Solutions to Address Resilience Gaps", September 2016.](#)
- <sup>10</sup> [Montgomery County Green Bank, Climate Resilience and Adaptation Implementation Strategy, Accessed 2/07/2026.](#)
- <sup>11</sup> [Ibid.](#)
- <sup>12</sup> [Ibid.](#)
- <sup>13</sup> [Mayrhofer, J. P. and Gupta, J., "The Science and Politics of Co-benefits in Climate Policy", Environmental Science and Policy, November 7, 2015; Karlsson, M., Alfredsson, E., and Westling N., "Climate policy co-benefits: A Review", Climate Policy, February 10, 2020.; Seidu, S., Chan, D. W. M., and Debrah, C., "A novel climate resilience implementation model for the construction industry: An international perspective", Building and Environment, April 15, 2025.](#)
- <sup>14</sup> [Center for Climate and Energy Solutions, "Microgrids", Accessed 2/07/2026.](#)
- <sup>15</sup> [EPA, "Using Green Roofs to Reduce Heat Islands". Accessed 2/07/2026](#)
- <sup>16</sup> [Department of Energy, "Cool Roofs", Accessed 2/7/2026.](#)
- <sup>17</sup> [Department of Energy, "Insulation", Accessed 2/7/2026.](#)
- <sup>18</sup> [EPA, "Benefits of Trees and Vegetation", Accessed 2/7/2026.](#)
- <sup>19</sup> [Department of Energy, Heat Pump Systems, Accessed 2/7/2026.; U.S. Energy Information Administration, Natural gas and the environment, Accessed 2/7/2026.](#)
- <sup>20</sup> [Department of Energy, Solar Integration: Solar Energy and Storage Basics, Accessed 2/7/2026.](#)
- <sup>21</sup> Feedback from Green Bank Staff
- <sup>22</sup> Ibid.
- <sup>23</sup> Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022

# Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

## BILL 2-26: TAXATION – FUEL-ENERGY TAX – GREEN BANK – AMENDMENTS

### SUMMARY

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The Office of Legislative Oversight (OLO) finds the anticipated racial equity and social justice (RESJ) impact of Bill 2-26 is indeterminate. Black, Indigenous, and other People of Color (BIPOC) community members could disproportionately benefit from additional resources for the Green Bank to fund climate resiliency projects, since they are most harmed by the effects of climate change. However, based on data from past Green Bank investments, it is unclear the extent to which BIPOC community members will benefit from climate resiliency investments enabled by Bill 2-26.

### PURPOSE OF RESJ IMPACT STATEMENTS

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RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is essential to achieve RESJ.<sup>1</sup> This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.<sup>2</sup>

### PURPOSE OF BILL 2-26

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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>3</sup> On February 1, 2022, the County Council enacted Bill 44-21. This law specified that 10% of the annual revenue received from the fuel-energy tax would be given to the Montgomery County Green Bank.<sup>4</sup>

The Montgomery County Green Bank is a publicly chartered 501c3 nonprofit focused on accelerating energy efficiency, renewable energy, and clean energy investment in the County. They finance their projects with funding from the County, in addition to other public and private contributors.<sup>5</sup>

In 2023, the Council passed legislation that enabled the Green Bank to finance climate resiliency projects and activities, in addition to clean energy projects.<sup>6</sup> Subsequently, the Council passed legislation that restricted the Green Bank from funding resiliency projects with revenues from the fuel-energy tax. Instead, the Green Bank could only use fuel-energy tax revenues to “promote the investment in clean energy technologies and to provide financing for clean energy technologies, including renewable energy and energy efficiency projects.”<sup>7</sup>

If enacted, Bill 2-26 would eliminate this restriction. Instead, the Bill would allow the Green Bank to use funds from the fuel-energy tax to promote or provide financing for resiliency activities, in addition to projects related to clean energy.<sup>8</sup> Of note, County law defines:<sup>9</sup>

- *Clean energy technologies* as measures addressing energy resources and emerging energy technologies, including renewable energy systems and sources, renewable energy projects, energy efficiency projects, alternative fuels used for electricity generation, alternative fuel vehicles and related infrastructure such as electric vehicle charging station infrastructure, and smart grid and battery storage; and

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- *Resiliency, sustainability, or climate adaptive projects* as measures 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 adaptation of systems to manage changes to the climate, such as activities responding to extreme weather events.

The County Council introduced Bill 2-26 on January 20, 2026.

This RESJIS builds on the ones for Expedited Bill 27-25, Environmental Sustainability – Community Choice Aggregation (CCA) – Established,<sup>10</sup> and Bill 25-22, Forest Conservation – Trees.<sup>11</sup> Please refer to these RESJISs for more background on environmental justice, energy justice, and the government’s role in creating the climate gap.

### CLIMATE JUSTICE, GREEN BANKS AND RACIAL EQUITY

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Climate change refers to long-term global shifts in temperature and weather patterns.<sup>12</sup> Climate change is mainly driven by the burning of fossil fuels from human activities. This includes generating power from burning coal, oil, and gas, cutting down forests, and using transportation that runs on fossil fuels, among others.<sup>13</sup> Climate change has far-reaching consequences on public health, community assets, and the economy. The County’s Climate Action Plan describes that, “[e]xtreme heat, severe storms, and drought are among the greatest climate threats to the County.”<sup>14</sup> While climate change affects all community members, structural racial inequities make BIPOC and low-income community members most susceptible to its harmful effects.<sup>15</sup>

The term “climate gap” refers to the unequal impact that climate change has on BIPOC and low-income communities. As noted by researchers at the University of Southern California, the climate gap means that BIPOC and low-income communities will likely suffer more from extreme heat waves and increased air pollution; pay more for basic necessities; and have reduced or shifting job opportunities as a result of climate change. Drivers of the climate gap include racial inequities in health and health care, employment, housing, and transportation.<sup>16</sup> These inequities are rooted in a legacy of government policies and practices – including land theft, slavery, and segregation – that structurally advantaged White people and structurally oppressed and disadvantaged BIPOC.<sup>17</sup>

Rooted in the environmental justice movement, the climate justice movement recognizes the disproportionate impacts of climate change on low-income communities and communities of color around the world. Climate justice responds to climate injustice, where “[t]hose who are most affected and have the fewest resources to adapt to climate change are also the least responsible for the greenhouse gas emissions—both globally and within the United States.”<sup>18</sup> The first Climate Justice Summit was organized in the year 2000 by activists from developing countries in response to COP6, the sixth session of the United Nations Framework Convention on Climate Change. As noted by the Solutions Project:

“COP6 was dominated by developed countries creating climate “solutions” for underdeveloped countries. The Climate Justice Summit was an opportunity for underdeveloped nations, mostly a part of the global south, to speak for themselves about what solutions would realistically work for them.”<sup>19</sup>

According to the Center for Climate Justice at the University of California, the six pillars of climate justice include:

- **A just transition** from fossil-fuel based economies to equitable, regenerative, renewable energy-based systems that emphasize employment in renewable energy and other green sectors, sustainable land use practices, and broader political economic transformations;
- **Social, racial and environmental justice**, which are deeply entangled with climate justice;

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- **Indigenous Climate Action** that amplifies the voices of Indigenous people who are leading efforts in climate change mitigation and adaptation across the globe and promote Indigenous sovereignty;
- **Community resilience and adaptation** from a social justice and equity perspective that supports local communities in developing their own solutions and allows them to benefit directly from local climate action;
- **Natural climate solutions** that recognize the importance of forests and agricultural lands as critical ecosystems for equitable climate action; and
- **Climate education and engagement** that dispels denial and misunderstanding surrounding the climate crisis and educates on how climate change is deeply intertwined with other social, racial, and environmental issues.

**Green banks.** As described by the Coalition for Clean Capital, green banks are "mission-driven institutions that use innovative financing to accelerate the transition to clean energy and fight climate change." According to the coalition, 41 green banks have been established across the U.S.<sup>20</sup> Created by County law in 2015,<sup>21</sup> the Montgomery County Green Bank is one of three green banks in Maryland.

By making targeted investments in BIPOC communities most impacted by the climate gap, green banks can be an important tool for advancing climate justice.<sup>22,23</sup> As noted by staff at the Southern Environmental Law Center, green banks "strategically address energy burden, create green jobs, and foster economic development in communities that have historically been disproportionately impacted by pollution."<sup>24</sup> Existing green banks have integrated climate justice-oriented goals to varying degrees. For example, in the County, 20 percent of County funding for the Montgomery County Green Bank must be used for projects in Equity Emphasis Areas (EEAs).<sup>25</sup> EEAs are Census tracts that "have high concentrations of low-income individuals and/or traditionally disadvantaged racial and ethnic population groups."<sup>26</sup> Of note, the Green Bank's EEA lending goal falls just short of being proportionate, as 25 percent of the County's population resides in EEAs.<sup>27</sup>

Conversely, in New York, the New York Green Bank establishes goals for advancing climate equity that are included in their annual report. Climate equity goals for the upcoming fiscal year include:<sup>28</sup>

- Investing \$50 million in transactions under the Community Decarbonization Fund, a "lending pathway available to CDFIs [Community Development Financial Institutions] and mission-driven lenders to enable them to provide more capital to eligible projects benefitting residents of disadvantaged communities;"<sup>29</sup>
- Investing at least 40 percent of NY Green Bank capital in projects benefitting disadvantaged communities;<sup>30</sup> and
- Promoting community engagement by requiring borrowers to obtain evidence of community support for proposed multi-family housing projects located in disadvantaged communities.

## ANTICIPATED RESJ IMPACTS

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To consider the anticipated impact of Bill 2-26 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

The Green Bank makes loans to commercial customers (i.e., businesses and non-profit entities), not directly to community members. Thus, commercial customers that want to pursue climate resiliency projects would benefit from the Green Bank having additional resources to fund these projects. Because of the climate gap, BIPOC are

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disproportionately harmed by the effects of climate change. To the extent the Green's Banks commercial customers serve BIPOC community members, they could especially benefit from climate resiliency projects that help respond to the effects of climate change.

To estimate the demographics of community members that could benefit from Bill 2-26, OLO sought information on the Green Bank's past lending. Regarding investments benefiting BIPOC and low-income community members, the Green Bank reported that in FY25, of \$23.2 million in total loans deployed:<sup>31</sup>

- \$8.3 million (37 percent) were deployed in EEAs; and
- \$2.1 million (9 percent) were deployed for projects directly benefitting low- and moderate-income households (households with incomes at or below 80 percent of the area median income), such as loans for rooftop solar and EV charging stations at affordable housing projects.

Additionally, Figure A in the Appendix shows a map with the Green Bank's investments throughout the County in 2025. The map also includes the County's census tracts, which are shaded in different colors to show the racial or ethnic group with the largest population in the tract. Figure A shows Green Bank investments are mostly located in census tracts where White community members are the largest racial group. Conversely, Green Bank investments are sparsely located in census tracts where Black, Latinx, or Asian community members are the largest racial group.

Taken together, OLO finds the anticipated racial equity and social justice (RESJ) impact of Bill 2-26 is indeterminate. BIPOC community members could disproportionately benefit from additional resources for the Green Bank to fund climate resiliency projects, since they are most harmed by the effects of climate change. However, based on data from past Green Bank investments, it is unclear the extent to which BIPOC community members will benefit from climate resiliency investments enabled by Bill 2-26.

## RECOMMENDED AMENDMENTS

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The County's RESJ Act requires OLO to consider whether to recommend amendments to bills that could reduce racial and social inequities and advance RESJ.<sup>32</sup> OLO finds the anticipated RESJ impact of Bill 2-26 is indeterminate. As such, OLO does not offer recommended amendments. However, should the Council seek to improve the RESJ impact of this Bill, OLO offers one policy option for Council consideration.

- **Request more detailed RESJ data collection and reporting for Green Bank investments.** The Council could require the collection of race and ethnicity data for the Green Bank's commercial customers. This would enable the Green Bank to report on investments by race and ethnicity. For commercial customers where race and ethnicity data may be unavailable, the Council could require the Green Bank to report on investments by entity type (e.g., affordable housing development, faith-based organization, small business, etc.) and location. More detailed reporting of RESJ data would give a baseline understanding of potential racial and ethnic disparities in Green Bank investments, which could be used to identify opportunities for enhancing RESJ.

## CAVEATS

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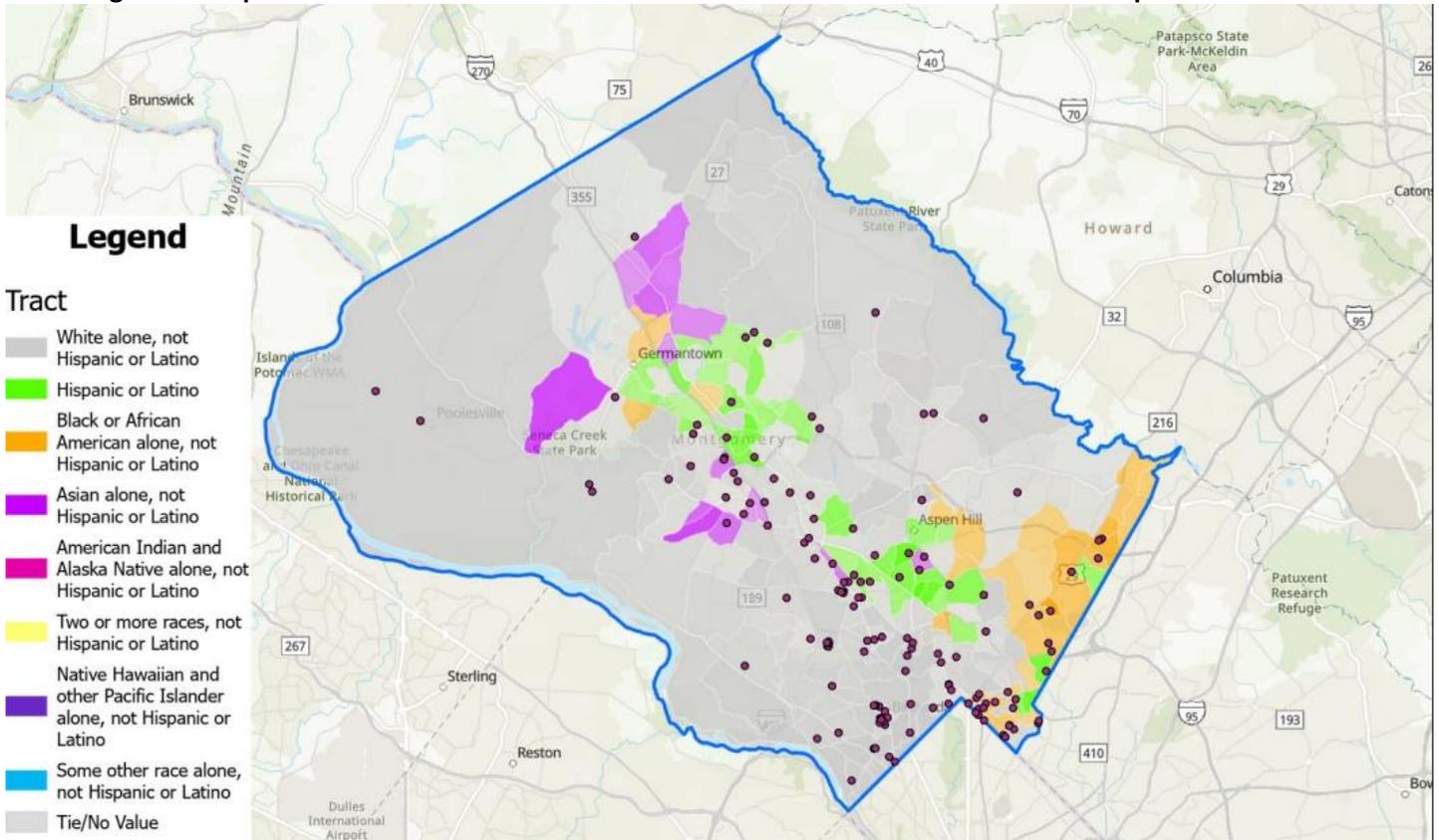
Two caveats to this RESJIS should be noted. First, predicting the impact of bills on RESJ is challenging due to data limitations, uncertainty, and other factors. Second, this RESJIS is intended to inform the Council's decision-making process rather than determine it. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

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### APPENDIX

Figure A. Map of 2025 Green Bank Investments and Predominant Racial or Ethnic Group in Census Tracts



Source: Montgomery County Green Bank and 2023 American Community Survey 5-Year Estimates, Census Bureau.

<sup>1</sup> Definition of racial equity and social justice adopted from [Marlysa Gamblin et al., "Applying Racial Equity to U.S. Federal Nutrition Programs," Bread for the World and Racial Equity Tools.](#)

<sup>2</sup> Ibid.

<sup>3</sup> ["Fuel Energy Tax Information,"](#) Montgomery County Government.

<sup>4</sup> [Bill 44-21,](#) Montgomery County Council, Effective May 13, 2022.

<sup>5</sup> ["About Us,"](#) Montgomery County Green Bank.

<sup>6</sup> [Bill 3-23,](#) Montgomery County Council, Effective July 3, 2023.

<sup>7</sup> [Bill 28-23,](#) Montgomery County Council, Effective November 6, 2023.

<sup>8</sup> [Introduction Staff Report for Bill 2-26,](#) Montgomery County Council, Introduced January 20, 2026.

<sup>9</sup> [Montgomery County Code Sec. 18A-45.](#)

<sup>10</sup> [RESJIS for Expedited Bill 27-25,](#) Office of Legislative Oversight, September 2, 2025.

<sup>11</sup> [RESJIS for Bill 25-22,](#) Office of Legislative Oversight, October 4, 2022.

<sup>12</sup> ["What is Climate Change?,"](#) Climate Action, United Nations.

<sup>13</sup> ["Causes and Effects of Climate Change,"](#) Climate Action, United Nations.

<sup>14</sup> ["Montgomery County Climate Action Plan,"](#) Department of Environmental Protection, June 2021.

<sup>15</sup> Ibid.

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<sup>16</sup> Rachel Morello-Frosch, et al, [“The Climate Gap: Inequalities in How Climate Change Hurts Americans & How to Close the Gap.”](#) Dornsife Center, University of Southern California, May 2009.

<sup>17</sup> [RESJIS for Bill 25-22.](#)

<sup>18</sup> [“Environmental and Climate Justice Issues.”](#) The Solutions Project citing [“Energy and Climate Justice.”](#) Environmental Center, University of Colorado Boulder.

<sup>19</sup> [“Environmental and Climate Justice Issues.”](#)

<sup>20</sup> [“What is a Green Bank,”](#) Coalition for Green Capital.

<sup>21</sup> [“Montgomery County Green Bank,”](#) Montgomery County Government.

<sup>22</sup> [“Environmental Justice Leaders Highlight Historic Opportunity to Reach Disadvantaged Communities with a National Green Bank,”](#) Coalition for Green Capital.

<sup>23</sup> Ava Gallo, [“Green Banks,”](#) National Caucus of Environmental Legislators.

<sup>24</sup> [“What are green banks?”](#) Southern Environmental Law Center, July 10, 2025.

<sup>25</sup> [Montgomery County Code Sec. 18A-49.](#)

<sup>26</sup> [Equity Emphasis Areas \(EEAs\),](#) Metropolitan Washington Council of Governments, April 3, 2025.

<sup>27</sup> [“Equity Emphasis Areas: A tool to prioritize and invest in communities,”](#) Metropolitan Washington Council of Governments, September 24, 2021.

<sup>28</sup> [NY Green Bank 2024-25 Impact Report,](#) NY Green Bank.

<sup>29</sup> [“Community Decarbonization Fund,”](#) NY Green Bank.

<sup>30</sup> In New York, disadvantaged communities are geographically identified by multiple indicators that represent environmental burdens or climate change risks within a community, or population characteristics and health vulnerabilities that can contribute to more severe adverse effects of climate change. The criteria for disadvantaged communities was developed by New York’s Climate Justice Working Group, comprised of representatives from state agencies and environmental justice groups in New York. [Disadvantaged Communities Criteria Fact Sheet,](#) New York State.

<sup>31</sup> OLO communication with Green Bank staff on February 10, 2026.

<sup>32</sup> [Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council.](#)