HOUSE BILL 1543


Introduced and read first time: February 7, 2020
Assigned to: Economic Matters and Environment and Transportation

A BILL ENTITLED

AN ACT concerning

Environment – Climate Crisis and Education Act

FOR the purpose of establishing a Climate Crisis Initiative in the Department of the Environment for certain purposes; providing for the purposes of the Initiative; establishing a certain greenhouse gas reduction target for certain years; establishing a Climate Crisis Council with certain membership for certain purposes; requiring the Council to develop a certain plan with certain required elements and submit the plan to the General Assembly; requiring the Council to have the plan verified in a certain manner; requiring the Council to hold certain meetings for certain purposes; requiring the Secretary of the Environment to administer certain schedules of greenhouse gas pollution fees; requiring the Secretary to delegate certain collection and benefit functions to the Comptroller; requiring the Comptroller to carry out certain functions; requiring the collection of a certain greenhouse gas pollution fee on certain fuels and certain electricity for certain purposes; providing for the assessment of a certain fee on certain substances at certain rates in certain years, subject to a certain condition; requiring the collection of a certain fee on certain products at their first point of sale in the State; reducing a certain fee by a certain amount under certain circumstances; prohibiting the passing through of a certain fee to certain end users or customers, with a certain exception; requiring each electric distribution company and each competitive electricity supplier to pay in a certain manner a certain fee calculated in a certain manner; providing for the deduction of certain amounts from a certain fee in a certain manner; requiring the payment of a
certain fee quarterly with an annual reconciliation; requiring each electricity
supplier to file certain information with the Public Service Commission by a certain
date each year for certain purposes; requiring the Commission to open a docket for
certain purposes; requiring the Commission to issue a certain order under certain
circumstances; requiring certain persons generating a certain amount of electricity
to pay a certain fee calculated in a certain manner; requiring certain natural gas
distribution companies to pay a certain fee calculated in a certain manner; requiring
the Secretary to determine a certain fee for certain fugitive emissions and intentional
releases for the purpose of determining a certain additional fee; exempting certain
governmental units from the fee under this Act; providing for the initial date of
collection of a certain fee; requiring the Secretary to determine certain matters for
identifying certain substances as subject to a certain fee, with certain exceptions;
requiring the Secretary to prepare certain reports periodically considering certain
matters and to submit the reports to the Governor and the General Assembly;
prohibiting the imposition of certain fees if superseded by federal law or regulation;
providing for the distribution of certain fees to certain funds in a certain manner;
establishing a Kirwan Initiative Fund as a special, nonlapsing fund for certain
purposes; providing for the administration and functioning of the Kirwan Fund;
providing for the investment of money in and expenditures from the Kirwan Fund;
requiring interest earnings of the Kirwan Fund to be credited to the Kirwan Fund;
providing for the distribution of money from the Kirwan Fund for certain purposes;
establishing a Household and Employer Benefit Fund as a special, nonlapsing fund
for certain purposes; providing for the administration and functioning of the Benefit
Fund; providing for the investment of money in and expenditures from the Benefit
Fund; requiring interest earnings of the Benefit Fund to be credited to the Benefit
Fund; establishing certain accounts in the Benefit Fund for certain purposes;
providing for the distribution of money in the Household Benefit Account and the
Employer Benefit Account in certain manners for certain purposes; providing that
certain money distributed as a benefit under this Act may not be included in taxable
income for purposes of any State or local income tax; providing that certain money
distributed as a benefit shall be excluded from household income for certain
purposes; requiring the Secretary to consider certain alternative calendar schedules
for certain purposes; authorizing certain beneficiaries to receive benefits in a certain
manner; establishing a Climate Crisis Infrastructure Fund as a special, nonlapsing
fund for certain purposes; providing for the administration and functioning of the
Infrastructure Fund; providing for the investment of money in and expenditures
from the Infrastructure Fund; requiring interest earnings of the Infrastructure Fund
to be credited to the Infrastructure Fund; providing for the distribution of money
from the Infrastructure Fund on approval by the Secretary in a certain manner for
certain purposes; establishing a certain fee to be charged on certain new motor
vehicles sold or registered in the State based on certain ratings; setting the amount
of the fee; exempting certain motor vehicles from the fee; requiring the Department
of Transportation to review certain exemptions on or before a certain date and make
certain recommendations; requiring the fee to be deposited in the Infrastructure
Fund and used for certain purposes; providing that the Secretary is not subject to
penalties or actions for damages for certain actions under this Act; requiring the
Secretary to make certain efforts to return certain fees to certain persons in a certain
manner; requiring the Secretary to identify certain measures and programs each
year in consultation with certain units; requiring the Secretary to study and report
on certain matters to the Governor and the General Assembly by a certain date;
requiring the Secretary to adopt certain regulations in consultation with the
Commission; exempting the Infrastructure Fund, the Benefit Fund, and the Kirwan
Fund from a certain provision of law requiring interest earnings on State money to
accrue to the General Fund of the State; defining certain terms; and generally
relating to the Climate Crisis Initiative, greenhouse gas emissions reductions, and
education.

BY renumbering
Article – Environment
Section 2–1201 and 2–1202, respectively
to be Section 2–1202 and 2–1201, respectively
Annotated Code of Maryland
(2013 Replacement Volume and 2019 Supplement)

BY adding to
Article – Environment
New part designation “Part I. Statewide Inventory and Emissions Reduction Plan”
to immediately precede Section 2–1201; and Section 2–1214 through 2–1228
to be under the new part “Part II. Climate Crisis Initiative”
Annotated Code of Maryland
(2013 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, without amendments,
Article – Environment
Section 2–1201 and 2–1202(1) through (5) and (8)
Annotated Code of Maryland
(2013 Replacement Volume and 2019 Supplement)
(As enacted by Section 1 of this Act)

BY repealing and reenacting, without amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(i)
Annotated Code of Maryland
(2015 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)121. and 122.
Annotated Code of Maryland
(2015 Replacement Volume and 2019 Supplement)

BY adding to
Article – State Finance and Procurement
Section 6–226(a)(2)(ii)123. through 125.
SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That Section(s) 2–1201 and 2–1202, respectively, of Article – Environment of the Annotated Code of Maryland be renumbered to be Section(s) 2–1202 and 2–1201, respectively.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Environment

PART I. STATEWIDE INVENTORY AND EMISSIONS REDUCTION PLAN.

2–1201.

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

(b) “Alternative compliance mechanism” means an action authorized by regulations adopted by the Department that achieves the equivalent reduction of greenhouse gas emissions over the same period as a direct emissions reduction.

(c) “Carbon dioxide equivalent” means the measurement of a given weight of a greenhouse gas that has the same global warming potential, measured over a specified period of time, as one metric ton of carbon dioxide.

(d) “Direct emissions reduction” means a reduction of greenhouse gas emissions from a greenhouse gas emissions source.

(e) “Greenhouse gas” includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

(f) “Greenhouse gas emissions source” means a source or category of sources of greenhouse gas emissions that have emissions of greenhouse gases that are subject to reporting requirements or other provisions of this subtitle, as determined by the Department.

(g) “Leakage” means a reduction in greenhouse gas emissions within the State that is offset by a corresponding increase in greenhouse gas emissions from a greenhouse gas emissions source located outside the State that is not subject to a similar state, interstate, or regional greenhouse gas emissions cap or limitation.

(h) (1) “Manufacturing” means the process of substantially transforming, or a substantial step in the process of substantially transforming, tangible personal property into a new and different article of tangible personal property by the use of labor or machinery.
(2) “Manufacturing”, when performed by companies primarily engaged in the activities described in paragraph (1) of this subsection, includes:

(i) The operation of saw mills, grain mills, or feed mills;

(ii) The operation of machinery and equipment used to extract and process minerals, metals, or earthen materials or by–products that result from the extracting or processing; and

(iii) Research and development activities.

(3) “Manufacturing” does not include:

(i) Activities that are primarily a service;

(ii) Activities that are intellectual, artistic, or clerical in nature;

(iii) Public utility services, including gas, electric, water, and steam production services; or

(iv) Any other activity that would not commonly be considered as manufacturing.

(i) “Statewide greenhouse gas emissions” means the total annual emissions of greenhouse gases in the State, measured in metric tons of carbon dioxide equivalents, including all emissions of greenhouse gases from the generation of electricity delivered to and consumed in the State, and line losses from the transmission and distribution of electricity, whether the electricity is generated in–State or imported.

The General Assembly finds that:

(1) Greenhouse gases are air pollutants that threaten to endanger the public health and welfare of the people of Maryland;

(2) Global warming poses a serious threat to the State’s future health, well–being, and prosperity;

(3) With 3,100 miles of tidally influenced shoreline, Maryland is vulnerable to the threat posed by global warming and susceptible to rising sea levels and flooding, which would have detrimental and costly effects;

(4) The State has the ingenuity to reduce the threat of global warming and make greenhouse gas reductions a part of the State’s future by achieving a 25% reduction in greenhouse gas emissions from 2006 levels by 2020 and by preparing a plan to meet a longer–term goal of reducing greenhouse gas emissions by up to 90% from 2006 levels by
2050 in a manner that promotes new “green” jobs, and protects existing jobs and the State’s
economic well-being;

(5) Studies have shown that energy efficiency programs and technological
initiatives consistent with the goal of reducing greenhouse gas emissions can result in a net
economic benefit to the State;

(8) It is necessary to protect the public health, economic well-being, and
natural treasures of the State by reducing harmful air pollutants such as greenhouse gas
emissions by using practical solutions that are already at the State’s disposal;

2–1212. RESERVED.

2–1213. RESERVED.

PART II. CLIMATE CRISIS INITIATIVE.

2–1214.

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

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

(C) “Adult resident” means a resident of the State at least 18
years old.

(D) “Benefit Fund” means the Household and Employer Benefit
Fund established under § 2–1222 of this subtitle.

(E) “Commission” means the Public Service Commission.

(F) “Council” means the Climate Crisis Council established
under § 2–1217 of this subtitle.

(G) “Electricity Supplier” has the meaning stated in § 1–101 of the
Public Utilities Article.

(H) “Employer” means a person, a governmental unit, or any
other entity that has employees working in the State.

(I) “Fossil fuel” means:
(1) Natural gas;

(2) Petroleum;

(3) Coal; and

(4) Any solid, liquid, or gaseous fuel derived from item (1), (2), or (3) of this subsection.

(J) “Fugitive emissions” means emissions of greenhouse gases from equipment, including pipelines, due to leaks or other unintended or irregular releases.

(K) “Greenhouse gas pollution fee” or “fee” means a fee imposed on each carbon dioxide equivalent under this part.

(L) “Infrastructure Fund” means the Climate Crisis Infrastructure Fund established under § 2–1223 of this subtitle.

(M) “Initiative” means the Climate Crisis Initiative established under this part.

(N) “Kirwan Fund” means the Kirwan Initiative Fund established under § 2–1221 of this subtitle.

(O) (1) “Life cycle emissions” means greenhouse gas emissions that are released during phases of a fuel or other product’s life.

(2) “Life cycle emissions” includes greenhouse gas emissions released during extraction, processing, transportation, and disposal activities.

(P) “Minimum pollution level” means the lowest level of pollution in grams per mile that subjects a motor vehicle to the motor vehicle fee under § 2–1224 of this subtitle.

(Q) “Minor resident” means a resident of the State under the age of 18 years.

(R) “Motor fuel” has the meaning stated in § 9–101 of the Tax–General Article.

(S) “Motor vehicle” has the meaning stated in § 9–101 of the
TAX—GENERAL ARTICLE.

(T) “ON–SITE GENERATED ELECTRICITY” HAS THE MEANING STATED IN § 1–101 OF THE PUBLIC UTILITIES ARTICLE.

(U) “QUINTILE 1” MEANS THE 20% OF HOUSEHOLDS WITH PRE–TAX INCOMES THROUGH THE 20TH PERCENTILE OF ALL HOUSEHOLDS IN THE STATE.

(V) “QUINTILE 2” MEANS THE 20% OF HOUSEHOLDS WITH PRE–TAX INCOMES ABOVE THE 20TH PERCENTILE THROUGH THE 40TH PERCENTILE OF ALL HOUSEHOLDS IN THE STATE.

(W) “QUINTILE 3” MEANS THE 20% OF HOUSEHOLDS WITH PRE–TAX INCOMES ABOVE THE 40TH PERCENTILE THROUGH THE 60TH PERCENTILE OF ALL HOUSEHOLDS IN THE STATE.

(X) “QUINTILE 4” MEANS THE 20% OF HOUSEHOLDS WITH PRE–TAX INCOMES ABOVE THE 60TH PERCENTILE THROUGH THE 80TH PERCENTILE OF ALL HOUSEHOLDS IN THE STATE.

(Y) “QUINTILE 5” MEANS THE 20% OF HOUSEHOLDS WITH PRE–TAX INCOMES ABOVE THE 80TH PERCENTILE OF ALL HOUSEHOLDS IN THE STATE.


2–1215.

(A) THERE IS A CLIMATE CRISIS INITIATIVE IN THE DEPARTMENT.

(B) THE INITIATIVE PROVIDES FOR:

(1) THE ESTABLISHMENT OF GREENHOUSE GAS REDUCTION GOALS;

(2) THE ESTABLISHMENT OF A CLIMATE CRISIS COUNCIL;

(3) THE ASSESSMENT OF GREENHOUSE GAS POLLUTION FEES;

(4) FUNDING FOR EDUCATION UNDER THE RECOMMENDATIONS OF THE COMMISSION ON INNOVATION AND EXCELLENCE IN EDUCATION, COMMONLY KNOWN AS THE “KIRWAN INITIATIVE”;

(5) THE ASSESSMENT OF A FEE ON THE SALE OR REGISTRATION OF
NEW HIGH–EMISSION VEHICLES;

(6) **Benefits to households and employers in the State to mitigate the impact of fees under the Initiative; and**

(7) **The funding of activities for greenhouse gas reduction and sequestration, improvements in resiliency, and the promotion of a just economic transition in the State.**

2–1216.

(A) **The State shall reduce statewide greenhouse gas emissions by:**

(1) **70% from 2006 levels by 2030; and**

(2) **100% from 2006 levels by 2040.**

(B) **After 2040, statewide greenhouse gas emissions shall be net negative.**

2–1217.

(A) **There is a Climate Crisis Council.**

(B) **The membership of the Council shall be as follows:**

(1) **One member of the House of Delegates selected by the Speaker of the House of Delegates;**

(2) **One member of the Senate of Maryland selected by the President of the Senate; and**

(3) **Experts in the fields of economics, environmental science, environmental justice, and others, as needed, appointed jointly by the Speaker and the President.**

(C) **The Council shall submit a plan to achieve the reduction targets set out in § 2–1216 of this subtitle to the General Assembly by December 31, 2021.**

(D) **The plan shall include policies to mitigate inequities that could arise from the implementation of the plan.**
(E) The plan may recommend amendments to the fee, benefit, and investment program established in §§ 2–1219 through 2–1223 of this subtitle if:

(1) The fee, benefit, and investment program continues to provide $350,000,000 each year to support the Kirwan Initiative;

(2) Low- and moderate-income households and energy-intensive trade-exposed employers are reasonably protected from financial harm; and

(3) The amendments do not diminish the effectiveness of the fee, benefit, and investment program at reducing emissions.

(F) Before the Council submits its plan to the General Assembly, an independent and respected entity must verify through modeling that the plan shall:

(1) Meet the reduction goals set out in § 2–1216 of this subtitle; and

(2) Be equitable.

(G) In developing the plan and any amendments to the plan, the Council shall:

(1) Hold periodic meetings at convenient locations and times for public participation; and

(2) Provide a reasonable amount of time in each meeting for comments by the public.

2–1218.

(A) The Secretary shall administer the schedules of greenhouse gas pollution fees under this part.

(B) The Secretary shall delegate all collection of greenhouse gas pollution charges, distribution of benefits, and any other appropriate functions to the Comptroller.

(C) The Comptroller shall carry out all functions the
SECRETARY DELEGATES UNDER THIS PART.

2–1219.

(A) A greenhouse gas pollution fee shall be collected on all:

(1) Fossil fuels brought into the State for combustion in the State; and

(2) Electricity used in the State that is generated by fossil fuels.

(B) Subject to subsection (C) of this section, the fee assessed per ton of carbon dioxide equivalent on:

(1) Nontransportation fuels shall:

   (i) Be $15 from July 31 through December 31, 2021;

   (ii) Be $20 in 2022;

   (iii) Increase by $5 each year thereafter through 2029; and

   (iv) Be $60 in 2030 and each year thereafter; and

(2) Transportation fuels shall:

   (i) Be $10 from July 31 through December 31, 2021;

   (ii) Be $13 in 2022;

   (iii) Increase by $3 each year thereafter through 2029; and

   (iv) Be $37 in 2030 and each year thereafter.

(C) If the fees and benefits under this part take effect in a calendar year later than 2021, the Secretary shall delay the schedule of fees under subsection (B) of this section by the same number of years.

(D) (1) The fee on fossil fuels to be combusted in the State shall be collected at the fossil fuels’ first point of sale in the State.
(2) The fee collected on a petroleum product under paragraph (1) of this subsection shall be reduced by an amount equal to any fee paid for the same year for transportation and climate initiative allowances.

(3) The amount deducted under paragraph (2) of this subsection may not exceed the total amount of the fee calculated under subsection (B) of this section.

(4) (I) Subject to subparagraph (II) of this paragraph, a fee collected under this section may not be passed through as a direct cost to:

1. An end user of a fossil fuel; or

2. A customer of an electric company or a gas company.

(II) This paragraph does not prohibit the passing through to a customer of a fee collected under this section on electricity distributed by an electric company or natural gas distributed by a gas company only to the extent that the Commission approves the fee as a prudently incurred cost of distribution.

(E) (1) Each electricity supplier, including each electric distribution company operating in the State and each competitive supplier of electricity to end users, shall pay the fee on behalf of all of their electricity customers on the basis of each kilowatt-hour of electricity used by each distribution customer.

(2) (I) The per–kilowatt–hour fee to be paid by the electricity supplier for retail electricity sold to electric customers in the State shall be based on the carbon intensity of the fuel mix that generated those kilowatt–hours of electricity, whether the generation sources are in–State or out–of–State.

(II) The retail electricity supplier shall determine the carbon intensity of the fuel mix using the U.S. Energy Information Administration’s carbon dioxide emissions factors for each fuel.

(III) The electricity supplier shall deduct from the fee calculated under subparagraphs (I) and (II) of this paragraph an amount
EQUAL TO THE NET AMOUNT THE ELECTRICITY SUPPLIER PAID FOR THE SAME YEAR FOR REGIONAL GREENHOUSE GAS INITIATIVE ALLOWANCES RELATED TO ELECTRICITY SOLD IN THE STATE.

(IV) The amount deducted under subparagraph (III) of this paragraph may not exceed the total amount of the fee calculated under subparagraph (I) and (II) of this paragraph.

(3) An electricity supplier shall:

(I) Pay the fee at least quarterly; and

(II) Reconcile annual fees paid at least once each year.

(F) (1) On or before October 1 each year, each electricity supplier shall file with the Commission the result of its proposed calculation for the year beginning the following January 1.

(2) The filing must include sufficient supporting data to enable the Commission to determine whether the calculation by the electricity supplier was made fully in accordance with subsection (E) of this section.

(3) (I) On receipt of the filing, the Commission shall open a docket.

(II) The sole purpose of the docket shall be for the Commission to determine whether the calculation by the electricity supplier was made fully in accordance with subsection (E) of this section.

(III) If the Commission determines that the calculation by the electricity supplier was made fully in accordance with subsection (E) of this section, the Commission shall, not later than November 15 of the same year, issue an order approving the calculation.

(IV) 1. If the Commission determines that the calculation by the electricity supplier does not fully comply with subsection (E) of this section:

A. The Commission shall issue an order stating
CLEARLY THE ERRORS THAT THE ELECTRICITY SUPPLIER MADE; AND

B. THE ELECTRICITY SUPPLIER SHALL HAVE 21 DAYS TO
MAKE A COMPLIANCE FILING WITH THE COMMISSION CORRECTING THE ERRORS
IDENTIFIED IN THE COMMISSION’S ORDER.

2. IF AN ELECTRICITY SUPPLIER FAILS TO MAKE A
COMPLIANCE FILING AS REQUIRED BY THE COMMISSION, THE COMMISSION SHALL
ISSUE AN ORDER ESTABLISHING THE CALCULATION THAT THE ELECTRICITY
SUPPLIER MUST USE FOR THE FOLLOWING CALENDAR YEAR.

(G) (1) ANY PERSON THAT GENERATES MORE THAN 25,000
KILOWATT–HOURS OF ON–SITE GENERATED ELECTRICITY USING ANY COMBINATION
OF ONE OR MORE FOSSIL FUELS MUST PAY A FEE UNDER SUBSECTION (E) OF THIS
SECTION BASED ON THE RELATIVE MIX OF FUELS AND THE U.S. ENERGY
INFORMATION ADMINISTRATION’S CARBON DIOXIDE EMISSIONS FACTOR FOR EACH
FUEL.

(2) ANY FEE ALREADY PAID ON THE FUEL UNDER THIS SECTION
SHALL BE DEDUCTED FROM THE FEE THAT WOULD OTHERWISE BE DUE UNDER THIS
SUBSECTION.

(H) (1) A LOCAL DISTRIBUTION COMPANY FOR NATURAL GAS SHALL PAY
THE FEE FOR ALL NATURAL GAS THAT THE COMPANY DISTRIBUTES FOR
COMBUSTION IN THE STATE.

(2) THE FEE UNDER THIS SUBSECTION SHALL BE CALCULATED BY
MULTIPLYING THE NUMBER OF CUBIC FEET OF NATURAL GAS USED BY EACH
CUSTOMER BY THE AMOUNT OF CARBON DIOXIDE EQUIVALENTS RELEASED BY
BURNING 1 CUBIC FOOT OF NATURAL GAS, AS THAT VALUE IS DETERMINED BY THE
U.S. ENERGY INFORMATION ADMINISTRATION.

(I) SUBJECT TO § 2−1226 OF THIS SUBTITLE, THE SECRETARY SHALL
DETERMINE THE AMOUNT OF EMISSIONS, AS CARBON DIOXIDE EQUIVALENTS, FROM
ESCAPED OR INTENTIONALLY RELEASED METHANE DUE TO THE EXTRACTION,
PROCESSING, TRANSPORT, OR DISTRIBUTION OF NATURAL GAS BEFORE THE POINT
OF COMBUSTION IN THE STATE, AND MAY ADD AN ADDITIONAL FEE TO THE FEE FOR
ALL NATURAL GAS OR NATURAL GAS–BASED ELECTRICITY.

(J) (1) UNITS OF GOVERNMENT WHOSE PRIMARY PURPOSE IS TO
PROVIDE PUBLIC TRANSPORTATION BY BUS, VAN, RAIL, OR OTHER MEANS THAT
REDUCE THE AMOUNT OF DRIVING BY PRIVATE MOTOR VEHICLES SHALL BE EXEMPT
FROM GREENHOUSE GAS POLLUTION FEES UNDER THIS PART.
(2) If an exemption for a unit under paragraph (1) of this subsection is not feasible, the unit shall be fully reimbursed for its increased costs under this part from the Benefit Fund.

(K) Subject to subsection (C) of this section, the collection of the fee under this section shall begin on the adoption of all necessary rules for its collection, but not later than January 1, 2022, for emissions occurring in the last 6 months of 2021.

(L) The fees collected under this section shall be paid into the Kirwan Fund, the Infrastructure Fund, and the Benefit Fund in accordance with this part.

(M) (1) Using the best information and science reasonably available, the Secretary shall determine whether to identify any greenhouse gas–emitting substance or source, in addition to natural gas, petroleum, coal, and their derivatives, as being a fossil fuel subject to the fee under this part.

(2) Emissions from farm animals and crops may not be designated as subject to the fee under this part.

(N) (1) Within 3 years after the fees and benefits under this part take effect, and every 2 years thereafter, the Secretary, in consultation with the Council, shall submit a report to the Governor and, in accordance with §2–1257 of the State Government Article, the General Assembly.

(2) The report shall take into consideration whether any increases or decreases in greenhouse gas pollution fees are recommended to:

(I) Account for inflation;

(II) Address life cycle emissions and fugitive emissions issues;

(III) Ensure progress toward reaching emissions limits under §2–1216 of this subtitle, Part I of this subtitle, and Subtitle 10 of this title; and

(IV) Mitigate serious harm to economic sectors,
ECONOMIC SUBSECTORS, OR INDIVIDUAL ENERGY–INTENSIVE TRADE–EXPOSED
employers in the State caused by collection of greenhouse gas
pollution fees under this part.

(O) Notwithstanding any other law, the fees authorized under
this section may not be imposed on any greenhouse gas–producing
substance if the imposition is superseded by federal law or regulation.

2–1220.

(A) Revenues from greenhouse gas pollution fees under this
part shall be distributed to the Kirwan Fund, the Benefit Fund, and the
Infrastructure Fund in accordance with this section.

(B) From the revenues generated by the fees on greenhouse gas
emissions from fossil fuels, $350,000,000 shall be distributed each
fiscal year to the Kirwan Fund solely for the use of the Kirwan
Initiative.

(C) The lesser of 50% of the revenues generated by the fee, or
all the revenues remaining after the distribution to the Kirwan Fund
under subsection (B) of this section, shall be distributed each year to
the Benefit Fund for the purpose of providing benefits to households
and employers in accordance with § 2–1222 of this subtitle.

(D) Any revenues that remain after the distributions under
subsections (B) and (C) of this section shall be distributed each year to
the Infrastructure Fund.

2–1221.

(A) There is a Kirwan Initiative Fund.

(B) The purpose of the Kirwan Fund is to support education in
the State under legislation and regulations that implement the
recommendations of the Commission on Innovation and Excellence in
Education, commonly known as the “Kirwan Initiative”.

(C) The Department shall administer the Kirwan Fund in
consultation with the State Department of Education.

(D) (1) The Kirwan Fund is a special, nonlapse fund that is not
subject to reversion under § 7–302 of the State Finance and
PROCUREMENT ARTICLE.

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

(E) The Kirwan Fund consists of:

(1) Proceeds of the greenhouse gas pollution fees collected under this part and distributed under § 2–1220(B) of this subtitle;

(2) Money appropriated in the State budget to the Kirwan Fund; and

(3) Any other money from any source accepted for the benefit of the Kirwan Fund.

(F) The Kirwan Fund may be used only for:

(1) Purposes authorized under this section; and

(2) Administration of the Kirwan Fund, not to exceed 5% of the money in the Kirwan Fund.

(G) (1) The State Treasurer shall invest the money of the Kirwan Fund in the same manner as other State money may be invested.

(2) Any interest earnings of the Kirwan Fund shall be credited to the Kirwan Fund.

2–1222.

(A) There is a Household and Employer Benefit Fund.

(B) The purposes of the Benefit Fund are to:

(1) Provide a high degree of protection for low- and moderate-income households in the State; and

(2) Protect energy-intensive trade-exposed employers in the State.

(C) The Secretary shall administer the Benefit Fund.
(D) (1) The Benefit Fund is a special, nonlapsing fund that is not subject to reversion under § 7–302 of the State Finance and Procurement Article.

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

(E) The Benefit Fund consists of:

(1) Proceeds of fees distributed to the Benefit Fund under § 2–1220(c) of this subtitle;

(2) Money appropriated in the State budget to the Benefit Fund; and

(3) Any other money from any source accepted for the benefit of the Benefit Fund.

(F) The Benefit Fund may be used only for:

(1) Payment of benefits under this section; and

(2) Administration of the Benefit Fund, not to exceed 5% of the money in the Benefit Fund.

(G) (1) The State Treasurer shall invest the money of the Benefit Fund in the same manner as other State money may be invested.

(2) Any interest earnings of the Benefit Fund shall be credited to the Benefit Fund.

(H) In the Benefit Fund there are the following separate accounts:

(1) The Household Benefit Account, which consists of 80% of the money in the Benefit Fund; and

(2) The Employer Benefit Account, which consists of 20% of the money in the Benefit Fund.

(I) (1) (i) Money in the Household Benefit Account shall be distributed as benefits in accordance with this subsection.
(II) 1. **ONE–HALF SHALL BE DISTRIBUTED TO HOUSEHOLDS IN QUINTILE 1.**

2. **ONE–THIRD SHALL BE DISTRIBUTED TO HOUSEHOLDS IN QUINTILE 2.**

3. **ONE–SIXTH SHALL BE DISTRIBUTED TO HOUSEHOLDS IN QUINTILE 3.**

(III) 1. **IF THE QUINTILE 1 DISTRIBUTION IS NOT SUFFICIENT TO ENSURE THAT NO QUINTILE 1 HOUSEHOLD PAYS MORE IN FEES THAN IT RECEIVES IN BENEFITS, THE QUINTILE 1 DISTRIBUTION SHALL BE INCREASED TO ENSURE THAT THIS REQUIREMENT IS MET.**

2. **IF THE DISTRIBUTION TO QUINTILE 1 IS GREATER THAN ONE–HALF, TWO–THIRDS OF THE FEES REMAINING IN THE HOUSEHOLD BENEFIT ACCOUNT AFTER DISTRIBUTION TO QUINTILE 1 SHALL BE DISTRIBUTED TO QUINTILE 2 AND ONE–THIRD TO QUINTILE 3.**

(2) (I) **EACH QUINTILE’S TOTAL DISTRIBUTION AMOUNT SHALL BE DIVIDED BY THE SUM OF THE ADULT RESIDENTS IN THAT QUINTILE PLUS ONE–HALF OF THE NUMBER OF MINOR RESIDENTS IN THAT QUINTILE, TO PRODUCE THAT QUINTILE’S INITIAL BENEFIT.**

(II) **EACH HOUSEHOLD IN A QUINTILE SHALL RECEIVE A BENEFIT EQUAL TO THAT QUINTILE’S INITIAL BENEFIT TIMES THE SUM OF THE NUMBER OF ADULT RESIDENTS IN THE HOUSEHOLD AND ONE–HALF OF THE NUMBER OF MINOR RESIDENTS IN THE HOUSEHOLD.**

(3) **ANY MONEY REMAINING IN THE HOUSEHOLD BENEFIT ACCOUNT AFTER THE DISTRIBUTION OF MONEY IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION SHALL BE DEPOSITED IN THE INFRASTRUCTURE FUND.**


(5) **MONEY DISTRIBUTED FROM THE HOUSEHOLD BENEFIT**
ACCOUNT:

(i) May not be included in taxable income for purposes of any State or local income tax; and

(ii) Shall, to the extent feasible, be excluded from household income for purposes of determining eligibility for, or the level of, any form of public assistance.

(j) (1) Money in the Employer Benefit Account shall be distributed in accordance with this subsection.

(2) The Secretary shall use the money in the Employer Benefit Account to provide benefits to employers.

(3) (i) The Secretary, in consultation with the Secretary of Commerce, the Secretary of Labor, and the Secretary of Housing and Community Development, shall, with special attention to manufacturing and agriculture, identify economic sectors or economic subsectors that are energy–intensive and trade–exposed.

(ii) The Secretary shall, as mitigation, calculate the total proceeds collected from these sectors or subsectors and may apportion part or all of the proceeds to the affected sector or subsector.

(4) Money remaining in the Employer Benefit Account after distributions under paragraph (3) of this subsection are calculated shall be deposited in the Infrastructure Fund.

(k) (1) The Secretary shall consider alternative calendar schedules for distribution of the benefits authorized under this section, including partial or whole distributions early in the relevant revenue cycle and on a regular basis throughout the revenue cycle.

(2) The method and schedule of distribution of benefits shall take into account:

(i) The needs of residents and employers, particularly low–income households, to obtain benefits corresponding to the time schedule when they will be paying greenhouse gas pollution fees;
(II) The need to make clear to residents and employers that they are receiving a benefit of greenhouse gas pollution fees that is separate from other transactions they may have with the State; and

(III) The need to minimize the administrative costs of the Initiative.

(L) Households and employers may opt to receive a portion or all of their benefits on their utility bills.

(M) The Secretary may issue additional benefits or declare exemptions from fees in instances where fees have been paid but no emissions have occurred or are anticipated to occur.

2–1223.

(A) There is a Climate Crisis Infrastructure Fund.

(B) (1) The purpose of the Infrastructure Fund is to invest in initiatives that improve the health and welfare of the citizens of the State by:

(I) Expanding the use of clean energy sources and energy efficiency in the electricity and other energy–consuming sectors;

(II) Creating a cleaner, more just, and more efficient transportation sector throughout the State;

(III) Providing funding for resiliency against climate change and weather events that have an impact on the lives of the citizens of the State and its economy;

(IV) Sequestering carbon in forests, soils, and wetlands; and

(V) Promoting a just transition to clean energy.

(2) Of the money in the Infrastructure Fund, 30% shall be used to benefit low– and moderate–income residents, with priority given to historically pollution–burdened and underserved communities, including by providing access to affordable renewable energy, energy efficiency, public transportation, and assistance with
ADAPTING TO IMPACTS OF SEVERE WEATHER AND CLIMATE CHANGE.

(3) WHEREVER FEASIBLE, INVESTMENTS UNDER THIS SECTION SHALL ALSO BE DESIGNED TO CREATE LOCAL ECONOMIC DEVELOPMENT AND EMPLOYMENT IN THE STATE.

(C) THE DEPARTMENT, IN CONSULTATION WITH THE COUNCIL, SHALL ADMINISTER THE INFRASTRUCTURE FUND.

(D) (1) THE INFRASTRUCTURE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO REVERSION UNDER § 7–302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE INFRASTRUCTURE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE INFRASTRUCTURE FUND.

(E) THE INFRASTRUCTURE FUND CONSISTS OF:

(1) PROCEEDS OF FEES DISTRIBUTED TO THE INFRASTRUCTURE FUND UNDER § 2–1220(D) OF THIS SUBTITLE;

(2) ANY EXCESS OF UNSPENT BENEFITS RECEIVED FROM THE BENEFIT FUND UNDER § 2–1222(I)(3) AND (J)(4) OF THIS SUBTITLE;

(3) PROCEEDS OF MOTOR VEHICLE FEES COLLECTED UNDER § 2–1224 OF THIS SUBTITLE;

(4) MONEY APPROPRIATED IN THE STATE BUDGET TO THE INFRASTRUCTURE FUND; AND

(5) ANY OTHER MONEY FROM ANY SOURCE ACCEPTED FOR THE BENEFIT OF THE INFRASTRUCTURE FUND.

(F) THE INFRASTRUCTURE FUND MAY BE USED ONLY FOR:

(1) PURPOSES AUTHORIZED UNDER THIS SECTION AND § 2–1224(F)(2) OF THIS SUBTITLE; AND

(2) ADMINISTRATION OF THE INFRASTRUCTURE FUND, NOT TO EXCEED 5% OF THE MONEY IN THE INFRASTRUCTURE FUND.

(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE
INFRASTRUCTURE FUND in the same manner as other State money may be invested.

(2) Any interest earnings of the Infrastructure Fund shall be credited to the Infrastructure Fund.

(H) Disbursements from the Infrastructure Fund shall be awarded:

(1) On approval of the Secretary; and

(2) Only to projects that are consistent with investment principles the Secretary establishes in consultation with the Council.

(A) A fee shall be charged on each new motor vehicle sold or registered in the State with a U.S. Environmental Protection Agency carbon dioxide pollution rating equal to or higher than the minimum pollution level.

(B) The fee shall be based on the rating by the U.S. Environmental Protection Agency of the carbon dioxide tailpipe exhaust of passenger vehicles and light trucks.

(C) The minimum pollution level shall:

(1) Be 400 grams per mile in 2022; and

(2) Decrease each year by 10 grams per mile.

(D) The fee shall:

(1) Be $1.25 times the U.S. Environmental Protection Agency’s pollution rating of the motor vehicle in 2022; and

(2) Increase each year by $0.25 times the U.S. Environmental Protection Agency’s pollution rating of the motor vehicle.

(E) (1) The fee may not be assessed on the following types of motor vehicles:

(i) Commercial vehicles used for transporting goods;
(II) AGRICULTURAL VEHICLES;

(III) PUBLIC TRANSPORTATION VEHICLES;

(IV) AMBULANCES; AND

(V) STATE–, COUNTY–, OR MUNICIPALITY–OWNED VEHICLES THAT ARE NOT USED STRICTLY AS PASSENGER VEHICLES.

(2) ON OR BEFORE JULY 1, 2027, THE DEPARTMENT OF TRANSPORTATION:

(I) SHALL REVIEW THE EXEMPTIONS UNDER PARAGRAPH (1) OF THIS SUBSECTION; AND

(II) MAY RECOMMEND TO THE SECRETARY THE MODIFICATION OR ELIMINATION OF ANY OF THE EXEMPTIONS.

(F) REVENUES COLLECTED BY THE FEE ON NEW MOTOR VEHICLES UNDER THIS SECTION SHALL BE:

(1) DEPOSITED IN THE INFRASTRUCTURE FUND; AND

(2) AS A PRIORITY, USED TO:

(I) PROVIDE REBATES ON THE SALE OF ELECTRIC VEHICLES;

(II) PURCHASE ELECTRIC TRANSIT AND SCHOOL BUSES; AND

(III) EXPAND ELECTRIC VEHICLE INFRASTRUCTURE.

2–1225.

(A) THE SECRETARY MAY NOT BE SUBJECT TO PENALTIES OR ACTIONS FOR DAMAGES IF THE FEES COLLECTED UNDER THIS PART ARE NOT EQUAL TO THE BENEFITS RETURNED UNDER THIS PART.

(B) THE SECRETARY SHALL MAKE ALL REASONABLE EFFORTS TO RETURN, AS BENEFITS TO RESIDENTS AND EMPLOYERS IN THE AGGREGATE, ALL FEES COLLECTED BY THE SECRETARY UNDER THIS PART OTHER THAN MONEY DEPOSITED IN THE KIRWAN FUND AND THE INFRASTRUCTURE FUND.
2–1226.

(A) On or before July 1, 2023, the Secretary shall study and report on the feasibility of imposing and collecting additional greenhouse gas emission fees on fugitive emissions and intentional releases of methane from natural gas infrastructure.

(B) The report shall include an analysis of the feasibility and expense of:

(1) Calculating a reasonably accurate current statistical baseline, specific to the State, of fugitive emissions and intentional releases; and

(2) Developing and deploying a means of calculating reasonably accurate updates of progress or lack of progress in reducing fugitive emissions and intentional releases.

(C) The Secretary shall submit the report, including any recommended legislative or regulatory changes, to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly.

(D) The report may be included in the report required under § 2–1219(n) of this subtitle.

2–1227.

The Secretary, in consultation with the Commission, the Secretary of Housing and Community Development, and the Secretary of Human Services, each year shall identify measures and programs best calculated to ensure the provision of low-income energy assistance and improvements in the energy efficiency of renter–occupied dwellings in the State.

2–1228.

The Secretary, in consultation with the Commission, shall adopt regulations to carry out this part.

Article – State Finance and Procurement

6–226.
(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:

121. the Markell Hendricks Youth Crime Prevention and Diversion Parole Fund; [and]

122. the Federal Government Shutdown Employee Assistance Loan Fund;

123. THE CLIMATE CRISIS INFRASTRUCTURE FUND;

124. THE HOUSEHOLD AND EMPLOYER BENEFIT FUND;

AND

125. THE KIRWAN INITIATIVE FUND.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020.