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March 7, 2024

TO: The Honorable C.T. Wilson
Chair, Economic Matters Committee

The Honorable Marc Korman
Chair, Environment and Transportation Committee

FROM: Tiffany Johnson Clark
Chief, Legislative Affairs, Office of the Attorney General

RE: House Bill 1438 – Responding to Emergency Needs From Extreme Weather (RENEW) Act of 2024– **Support with Amendments**

The Office of Attorney General urges the House Economic Matters and Environment and Transportation Committees to report favorably on House Bill 1438– Responding to Emergency Needs From Extreme Weather (RENEW) Act of 2024 with amendments. House Bill 1438 establishes the Climate Change Adaptation and Mitigation Payment Program whose primary purpose is to secure compensatory payments from fossil fuel businesses based on a standard of strict liability to provide a source of revenue for State efforts to (1) adapt to and mitigate the effects of climate change and (2) address the health impacts of climate change on vulnerable populations.

House Bill 1438 establishes a system whereby each fossil fuel company emitting more than 1 billion metric tons of greenhouse gases (GHG) will be required to pay a proportionate share of \$9 billion to the State in a proportionate ratio with the entity's GHG emissions that are part of the total amount of GHGs emitted from 2000 to 2020. Monies paid under the bill will go to a dedicated

fund used for mitigation and adaptation projects, with a significant portion to be directed toward communities disproportionately affected by climate change.

House Bill 1438 aligns with the Attorney General's interest in holding fossil fuel companies accountable for climate change impacts, however, the bill does pose some minor concerns. First, House Bill 1438 should be applicable only to an entity that actually sells its product in the State, mines raw materials in the State, or its product is consumed in the State, even if all their emissions don't occur in Maryland to ensure there is sufficient nexus to the State to allow MDE to regulate emitters of GHGs. Second, the payment figure should correlate to the costs in MDE's Climate Pollution Reduction Plan published December 2023. To the extent these minor issues are addressed with amendments, House Bill 1438 would provide much needed funds to address climate change problems caused by polluters who have thus far avoided accountability and paying their fair share.

For the foregoing reasons, the Office of the Attorney General urges a favorable report on House Bill 1438 with amendments.

cc: Committee Members