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**TO:** The Honorable Marc Korman  
Chair, Environment and Transportation Committee

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

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

**RE:** House Bill 1008 – Fossil Fuel Transportation Fee and Mitigation Fund  
(Climate Pollution Reduction Fund Act) – **Support with Amendments**

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The Office of Attorney General respectfully urges this Committee to report favorably on House Bill 1008 – Fossil Fuel Transportation Fee and Mitigation Fund (Climate Pollution Reduction Fund Act) with amendments. House Bill 1008 (1) imposes a fossil fuel transportation fee on a person that transports fossil fuels in the State and (2) creates a Fossil Fuel Mitigation Fund to support activities that reduce greenhouse gas (“GHG”) emissions and their impact in the State.

Climate change is impacting the natural environment, agriculture, energy production and use, transportation, and general health and safety of individuals in the State. Fossil fuels like coal, oil and gas are by far the largest contributor to climate change, accounting for a significant percentage of global greenhouse gas emissions. According to the Environmental Protection Agency, GHG emissions from transportation alone account for about 29 percent of total greenhouse gas emissions, making it the largest contributor of GHG emissions in the United States.

The Maryland Department of the Environment's climate change program is leading the state's efforts to reduce greenhouse gas emissions. Maryland has set the most aggressive emissions reduction goals in the nation. Under the Climate Solutions Now Act (CSNA) of 2022, a target has been established to reduce emissions by 60 percent by 2031 and reach net zero emissions by 2045. By imposing a fossil fuel transportation fee of those who transport fossil fuels into Maryland, we are making it more onerous on those who choose to bring the fossil fuels that harm our communities and people into the State.

While OAG supports House Bill 1008, we would suggest a clarifying amendment. House Bill 1008 attempts to avoid a conflict with the Oil Transfer License Fee codified in § 4-411 of the Environment Article, by specifically exempting from the Fossil Fuel Transportation Fee the transportation of fossil fuels for which the Oil Transfer License Fee has already been paid. However, given the wording of the bill and § 4-411, significant confusion is still a concern. Section 4-411 imposes the Oil Transfer License Fee on the first point of “transfer” of oil in the state, which is defined as “the offloading or onloading of oil in the State from or to any commercial vessel, barge, tank truck, tank car, pipeline, or any other means used for transporting oil.” House Bill 1008 however, imposes the Fossil Fuel Transportation Fee on “the first carrier to transport the fossil fuel in the State.” Given the difference in wording, there could be confusion as to whether the fees apply separately for transfer and transport, and whether a carrier is subject to both fees, or a subsequent carrier is subject to the Transportation Fee, even if the Transfer Fee has already been paid. Additionally, “oil” is defined in § 4-401(h), so it may be helpful to reference that section and/or the definition of “fossil fuels” to distinguish the two fees.

To avoid the most destructive effects of climate change, meaningful steps must be taken to reduce greenhouse gas emissions – establishing a fossil fuel transportation fee is one of those steps. For the foregoing reasons, the Office of the Attorney General urges a favorable with amendments report on House Bill 1008.

cc: Health and Government Operations and Economic Matters Committee Members