



Heidelberg Materials North America

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**The Honorable Dana Stein
House Environmental and Transportation Committee Chair
Room 301, Lowe House Office Building
6 Bladen Street
Annapolis, MD 21401**

March 6, 2024

RE: HB 1008 – FOSSIL FUEL TRANSPORTATION FEE AND MITIGATION FUND (CLIMATE POLLUTION REDUCTION FUND ACT)

POSITION: UNFAVORABLE

Dear Delegate Stein:

Thank you for the opportunity to share our position and concerns on behalf of Heidelberg Materials on HB 1008 – FOSSIL FUEL TRANSPORTATION FEE AND MITIGATION FUND (CLIMATE POLLUTION REDUCTION FUND ACT). While we hope to be able to visit with you directly regarding our position and concerns on the bill, we wanted to share this information in the spirit of transparency and clarity. We remain hopeful to work with you and the committee on HB 1008 to address our concerns with the legislation as currently proposed.

Heidelberg Materials is a leading supplier of construction materials in North America. Our core activities include the production of cement and aggregates, as well as ready-mixed concrete, asphalt, and other downstream cement products. The Union Bridge, MD plant dates to 1909, and Heidelberg Materials has supplied the cement supporting Maryland's critical infrastructure needs for nearly 120 years. The Union Bridge plant employs approximately 165 people year-round, and the facility supplies roughly 65 percent of the cement used throughout Maryland.

HB 1008 as written imposes a significant penalty in the proactive efforts we are making to decarbonize our Union Bridge plant. Below are our primary concerns with the impact of this bill as drafted:

Significant Competitive Impact on Critical Maryland Industry

By imposing a \$0.30/mmBtu fee on coal and natural gas, this bill will have significant financial impact on our production costs given that we are an energy-intensive, trade exposed industry. The fee impacts the financial competitiveness of this industry, which may result in the import of less costly products from other states and other countries who do not have a similar fee structure in place. Additionally, the fee may result in the unintended consequence that overall CO2 emissions will increase because of sourcing from these less-regulated facilities from other states and countries.

Significant Fiscal Impact on State of Maryland Infrastructure

This cost increase will have downstream pricing/cost impacts not only directly in state budgets (infrastructure and maintenance costs), but it will impact all aspects of construction going forward, including housing costs as well as commercial development in the state. As outlined in the Fiscal Note for HB 1008, “State expenditures (all funds) increase significantly beginning as early as fiscal 2025 due to higher energy prices.” [2024 Regular Session - Fiscal and Policy Note for House Bill 1008 \(maryland.gov\)](#).

The Bill Disincentivizes Significant Near-Term CO2 Reductions

By including natural gas as a fuel to be assessed this fee, HB 1008 substantially disincentivizes the most practical, near-term and sensible changes the Union Bridge facility can not only implement but has voluntarily been working to make – switching from coal to natural gas. This step when implemented will immediately reduce CO2 emissions at the facility by ~350,000 tons per year. Not only will that result in significant reductions, but the conversion of the Union Bridge facility also paves the way for further reduction in combustion CO2 emissions through incorporation of hydrogen as well as other renewable gaseous fuel options.

Stakeholder Response Delayed by Lack of Bill Clarity

HB 1008 as initially written was unclear as many may not have considered a natural gas pipeline as a “carrier”. This has led us and other substantial natural gas consumers to be delayed in our reaction to the impacts of the bill as that only became clearer during Delegate Stein’s comments at the hearing last week.

Heidelberg Materials is committed to supporting Maryland’s carbon emissions reduction targets through the Union Bridge plant. We recognize that our facility is a major emitter of carbon dioxide (“CO2”) in Maryland due to the nature of the cement-making process, in particular the chemical conversion emissions required to produce cement. In fact, we share many of the environmental goals of the State of Maryland and have a carbon roadmap that commits to carbon neutral concrete by 2050 at latest.

Assessing a fee on Natural Gas and Coal without taking into consideration the transitory and long-term nature of our industry ultimately can adversely impact progress (especially near-term) in decarbonization of the cement industry in Maryland. Given that there are two facilities in the state, and both produce essential construction material for the economic prosperity and wellbeing of the state, we urge you to consider ways to accommodate our transition to decarbonization. We request that these concerns be taken into account in this proposed legislation and appreciate the opportunity to offer these to your office.

Sincerely,



Paul Rogers
Plant Manager, Union Bridge
Heidelberg Materials North America

CC: House Environment and Transportation Committee