

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 384 (Senators Lewis Young and Muse)
 Education, Energy, and the Environment

Maryland Energy Administration - Carbon Capture Opportunity Program - Establishment

This bill establishes a Carbon Capture Opportunity Program in the Maryland Energy Administration (MEA) to provide support to nonprofit and for-profit businesses that (1) are engaged in carbon capture projects or research and (2) are located in the State (or whose carbon capture projects or research are located in the State). MEA must (1) administer the program and establish application procedures for it; (2) provide technical assistance to participating businesses; (3) assist participating businesses in applying for federal and private grant funding; and (4) publicize the availability of the program, as specified.

Fiscal Summary

State Effect: General fund expenditures increase by \$86,400 in FY 2025, as discussed below. Future years reflect annualization and inflation. Revenues are not affected.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	86,400	103,600	108,200	112,900	117,900
Net Effect	(\$86,400)	(\$103,600)	(\$108,200)	(\$112,900)	(\$117,900)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law: The Climate Solutions Now Act (CSNA) (Chapter 38 of 2022) made broad changes to the State’s approach to reducing statewide greenhouse gas (GHG) emissions and addressing climate change. Among other things, the Act accelerated previous statewide GHG emissions reductions targets originally established under the Greenhouse Gas Emissions Reduction Act, requiring the State to develop plans, adopt regulations, and implement programs to (1) reduce GHG emissions by 60% from 2006 levels by 2031 and (2) achieve net-zero statewide GHG emissions by 2045. The Maryland Department of the Environment (MDE) must develop final plans to meet those targets, and CSNA establishes, with respect to carbon capture, that an MDE final plan may include the use of carbon capture as a GHG emission reduction measure only if the technology has been scientifically proven to achieve verifiable carbon reductions.

State Expenditures: General fund expenditures increase by \$86,397 in fiscal 2025, which accounts for the bill’s October 1, 2024 effective date. This estimate reflects the cost of hiring one program manager to administer the program, coordinate with participating businesses, provide technical assistance, identify grant funding opportunities, and assist with grant applications. MEA indicates that its existing communications staff can handle publicizing the program, but otherwise existing staff does not have the capacity to administer the program. The estimate assumes that State grant funding is not provided under the program. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$79,141
Other Operating Expenses	<u>7,256</u>
Total FY 2025 State Expenditures	\$86,397

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Small Business Effect: The establishment of the Carbon Capture Opportunity Program could have a meaningful impact on small businesses engaged in carbon capture projects or research in Maryland by facilitating access to available federal and private grant funding and providing technical assistance.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 155 (Delegate J. Lewis) - Economic Matters.

Information Source(s): Maryland Energy Administration; Department of Legislative Services

Fiscal Note History: First Reader - February 6, 2024
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