Department of Legislative Services

Maryland General Assembly
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FISCAL AND POLICY NOTE
Revised

Senate Bill 258 (Senator Pinsky, *et al.*)

Education, Health, and Environmental Affairs Environment and Transportation

Maryland Commission on Climate Change

This bill establishes the Commission on Climate Change within the Maryland Department of the Environment (MDE) to advise the Governor and General Assembly on ways to mitigate the causes of, prepare for, and adapt to the consequences of climate change. The bill provides for the membership, chair, and staff of the commission. The bill also requires the commission to convene specified working groups and develops required actions for each group to study or undertake. Finally, the bill requires various State agencies and units to review existing programs, recommend regulatory or other changes to support the State's greenhouse gas (GHG) reduction efforts, and report on specified items. Generally, the bill codifies most of the requirements of Executive Order 01.01.2014.14.

The bill takes effect June 1, 2015, but does not affect the current commission membership or activities until June 1, 2016, and until members are appointed under the bill.

Fiscal Summary

State Effect: Higher education expenditures increase by $50,000, likely in FY 2018, for the University of Maryland Center for Environmental Science (UMCES) to develop the required sea level rise projection. Transportation Trust Fund (TTF) expenditures increase by about $40,000 in FY 2017 and by about $25,000 annually thereafter for the Maryland Department of Transportation (MDOT) to implement the bill. General fund expenditures increase by $8,000 annually beginning in FY 2017 for the Department of General Services (DGS) to implement the bill. Revenues are not affected.

(in dollars)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues	$0	$0	$0	$0	$0
GF Expenditure	0	8,000	8,000	8,000	8,000
SF Expenditure	0	40,000	25,000	25,000	25,000
Higher Ed Exp.	0	0	50,000	0	0
Net Effect	$0	($48,000)	($83,000)	($33,000)	($33,000)

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

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

Small Business Effect: Minimal.

Analysis

Bill Summary:

Commission Functions and Duties

The bill requires the commission to establish a scientific and technical working group; a GHG mitigation working group; an adaptation and response working group; and an education, communication, and outreach working group; the commission may establish other working groups as needed. The bill requires the chair of the commission to appoint working group members that represent specified interests. The bill specifies that the commission must prioritize specified working group actions, such as developing broad public and private partnerships with local, state, and federal agencies; addressing any disproportionate impacts of climate change on low-income and vulnerable communities; and assessing the impacts that climate change may have on the State's economy, revenues, and investment decisions, among other things.

The commission members and working group members must be appointed by July 1, 2016. Each working group must meet and establish a work plan by October 1, 2016. By November 15 of each year, the commission must report to the Governor and General Assembly on the status of the State's efforts to mitigate the causes of, prepare for, and adapt to the consequences of climate change, including any future plans and recommendations for legislation.

Functions and Duties for State Agencies

The bill requires each State agency to review its planning, regulatory, and fiscal programs to identify and recommend actions to more fully integrate the consideration of the State's GHG reduction goal and the impacts of climate change. Each agency must also identify and recommend specific policy, planning, regulatory, and fiscal changes to existing programs that do not currently support the State's GHG reduction efforts or address climate change. The bill does not specifically refer to the goal of reducing State GHG emissions by 80% by 2050, however, which is contained in the executive order.

The bill also requires 10 specified State agencies and UMCES to report annually to the commission and the Governor on the status of programs that support the State's GHG reduction efforts or address climate change. The report must include program descriptions and objectives; whether or not implementation milestones have been met; enhancement opportunities; funding; challenges; estimated GHG emissions reductions, by program, for the prior calendar year; and any other information that the agency considers relevant.

UMCES must establish "science-based" sea level rise projections for the State's coastal areas and update them at least once every five years. These sea level projections must include maps made available on the Internet that indicate the areas of the State that may be most affected by storm surges, flooding, and extreme weather events.

Commission Staffing

MDE and the Department of Natural Resources (DNR) must jointly staff the commission.

Current Law/Background:

Maryland Climate Change Commission

The Climate Change Commission was established by Governor O'Malley by executive order in April 2007 to address the causes and results of climate change in Maryland. The commission is charged with developing a plan of action with benchmarks and timetables for its implementation. The final action plan was submitted in August 2008 and the commission also submits annual reports. The commission is comprised of several required working groups (on Adaptation and Response and GHG and Carbon Mitigation, as well as a Scientific and Technical Working Group) to develop expertise and provide advice on particular issues relating to climate change.

In November 2014, the Governor signed Executive Order 01.01.2014.01 to expand the membership of the commission and include the development of a plan to achieve an 80% reduction in GHG emissions by 2050. This bill generally codifies the 2014 executive order with only a few additional provisions, such as (1) the requirement for UMCES to create new sea level rise projections; (2) the requirement for the commission to prioritize an assessment of the impact that climate change has on agriculture in the State; (3) the creation of an education, communication, and outreach working group; and (4) the required reporting by certain agencies of annual GHG emissions reduction information.

Currently, the following agencies are involved with staffing the various working groups of the commission: (1) MDE; (2) DNR; (3) UMCES; (4) the Maryland Department of Planning; and (5) the Maryland Energy Administration (MEA).

The Greenhouse Gas Reduction Act

The Greenhouse Gas Reduction Act of 2009 (Chapters 171 and 172) requires the State to develop plans, adopt regulations, and implement programs to reduce GHG emissions by 25% from 2006 levels by 2020. MDE was tasked with publishing a GHG emissions inventory for the year 2006, a "business as usual" projection of GHG emissions for the year 2020, and a triennial inventory update beginning in 2011. The Acts also required an academic study of the economic impact of the GHG emissions reductions on the manufacturing sector, with oversight provided by a task force, and required MDE to ensure that the GHG emissions reductions produce economic benefits for the State and do not adversely affect specified communities or economic interests.

Pursuant to the Acts, MDE published the baseline GHG inventory for the State for the year 2006 and the business-as-usual projection of emissions through 2020, as well as the initial triennial 2011 inventory; MDE has not yet published the 2014 inventory. The centerpiece of the Acts is the GHG reduction plan, which includes the identification of existing regulations and programs, as well as the other measures requiring legislative approval, so that the State may achieve the goal of reducing GHG emissions by 25% by 2020. The final plan was released in October 2013 and contains a catalog of existing programs that contribute to the State's GHG emissions reduction goal and various recommendations for additional measures needed to achieve the final goal.

The Acts also establish numerous additional reporting requirements and study submission deadlines for future years. Upcoming actions include the release of the 2014 emissions inventory (overdue), an academic study of the impacts on the manufacturing sector (due October 1, 2015), and a report on progress toward meeting the final reduction goal (due October 1, 2015). It should be noted that the Acts' GHG emissions reduction target terminates December 31, 2016, unless reauthorized.

State Expenditures: As noted above, the bill generally codifies Executive Order 01.01.2014.01 and, therefore, generally codifies current State agency activities. However, the following requirements of the bill are new and additional requirements for the commission or State agencies: (1) UMCES must create new sea level rise projections; (2) the commission must prioritize working group actions that assess the impact of climate change on the State's agriculture; (3) the commission must establish an education, communication, and outreach working group; and (4) 10 specified agencies and UMCES must report GHG emissions reduction data, by program, for the prior calendar year.

UMCES

UMCES has developed sea level rise projections in the past, most recently in 2013. However, updating the sea level rise projections after the effective date of the bill and again every five years necessitates additional work. According to UMCES, the cost to update the assessment is about $50,000 each, which consists of the costs to host a multi-day conference of the relevant research scientists, as well as the work of a consultant to assist with research, develop maps, and produce and publish any associated documents. While the bill does not specify which year the sea level rise projection is to occur, UMCES assumes that the next projection required as a result of the bill would be released in fiscal 2018, which is five years after the 2013 projection.

Agriculture

Studying the impact of climate change on agriculture is an action that the State and the commission have already undertaken. For example, the 2013 GHG Reduction Act Plan studied the impact of climate change on five key sectors of the economy, including agriculture. Thus, enhancing the assessment of agricultural impacts among the commission's working group priorities does not likely result in any meaningful increase in State expenditures.

Education, Communication, and Outreach Working Group

Similarly, the commission has already discussed the creation of an education, communication, and outreach working group. Therefore, although not required by the executive order, convening this working group by July 1, 2015, does not require significant additional work. However, ensuring the continued support of the working group may necessitate additional staffing resources beyond existing levels. For example, MDOT estimates that TTF expenditures increase initially by about $20,000 (likely in fiscal 2017) and by $10,000 annually to contribute to the work of this new working group. Because the bill requires working group members to be appointed by July 1, 2016, it is assumed that there is no impact in fiscal 2016.

*Reporting Requirement*s

Finally, while the executive order requires certain agencies to provide annual implementation status reports, the bill adds one component to this reporting requirement. Each of the 10 agencies and UMCES must include in their annual reports GHG emissions reduction data, by program, for the prior calendar year. Several agencies may already track this information for other purposes or be able to include such data without significant additional work or any additional expenditures. For example, MEA advises that it already reports this information for other purposes. However, other agencies may need additional resources to develop the GHG emissions reduction data for the annual report. For example, MDOT advises that TTF expenditures increase initially by about $20,000 (likely in fiscal 2017) and $15,000 annually thereafter to contract with a consultant to maintain an annual inventory of GHG emissions reductions by its numerous programs within each MDOT modal agency. Additionally, DGS advises that it does not currently track this information or have the expertise to easily provide it; thus, general fund expenditures for DGS increase by about $8,000 annually for contractual services. Because the bill's reporting requirements are not implemented until June 1, 2016, and because the reports are not due until November 1, 2016, any contractual costs associated with the reporting requirements are assumed to begin in fiscal 2017.

Additional Comments: It should be noted that this fiscal and policy note only accounts for the additional costs of implementing the portions of the bill that are beyond the scope of the existing commission established by executive order. The estimate does not account for the *total* cost to each agency to *continue* to implement the duties of the commission established by the 2007 executive order and to *expand* its duties under the 2014 executive order. The previously required duties and functions of the commission require significant ongoing resources from several of the agencies discussed above.

Additional Information

Prior Introductions: None.

Cross File: HB 514 (Delegate Stein, *et al.*) - Environment and Transportation.

Information Source(s): Department of Business and Economic Development, Department of Budget and Management, Department of Natural Resources, Maryland Department of Planning, Maryland State Department of Education, Department of General Services, Department of Housing and Community Development, Maryland Insurance Administration, Maryland Energy Administration, Public Service Commission, Maryland Department of Transportation, University System of Maryland, University of Maryland Center for Environmental Science, Department of Legislative Services

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