

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 3

(Delegate Stein, *et al.*)

Environment and Transportation

Education, Health, and Environmental Affairs

Environment - U.S. Climate Alliance - Membership

This bill requires the Governor to include Maryland as a member of the U.S. Climate Alliance by July 1, 2018, and stipulates that withdrawal from the alliance is conditional on statutory approval from the General Assembly. The bill also requires the Governor to report annually, beginning December 1, 2018, on the State's participation in the alliance, including (1) any collaborations or partnerships among alliance members or external stakeholders and (2) any policies or programs that the alliance has endorsed, undertaken, or considered. **The bill takes effect June 1, 2018.**

Fiscal Summary

State Effect: The Governor's Office and the Maryland Department of the Environment (MDE) can handle the bill's requirements, including writing and submitting the required annual report, with existing budgeted resources and staff.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background:

International Action to Address Climate Change

Convention on Climate Change and the Kyoto Protocol: In 1992, countries joined an international treaty, the United Nations (U.N.) Framework Convention on Climate Change,

as a framework for international cooperation to combat climate change by limiting average global temperature increases and the resulting climate change, and coping with impacts. By 1995, countries launched negotiations to strengthen the global response to climate change and, two years later, adopted the Kyoto Protocol. The Kyoto Protocol legally binds developed country parties to emission reduction targets. The protocol's first commitment period started in 2008 and ended in 2012. The second commitment period began on January 1, 2013, and will end in 2020. There are now 197 parties to the convention and 192 parties to the Kyoto Protocol.

2015 Paris Agreement: The 2015 Paris Agreement marks the latest step in the evolution of the U.N. climate change regime and builds on the earlier convention. The central aim of the Paris Agreement is to limit global temperature rise this century below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. Additionally, the agreement aims to strengthen the ability of countries to deal with the impacts of climate change. Although the Paris Agreement was adopted and signed by 195 countries on December 12, 2015, the agreement did not enter into force, or take effect, until ratified by a sufficient number of parties to the convention. This threshold was met on October 5, 2016, and as of January 2018, 173 parties have ratified the agreement.

U.S. Action Related to the Paris Agreement

Ratification and Notice of Withdrawal: President Barack Obama adopted the Paris Agreement through an executive order on behalf of the United States on September 3, 2016. On June 1, 2017, President Donald J. Trump issued an official statement announcing his intention to withdraw the United States from the Paris Agreement. However, the agreement has a four-year delayed exit period. Thus, the United States cannot fully withdraw from the agreement until 2020.

U.S. Climate Alliance: In response to the federal government's announcement of its intention to withdraw the United States from the Paris Agreement, the Governors of California, New York, and Washington created the U.S. Climate Alliance. The U.S. Climate Alliance is a bi-partisan coalition of states that are committed to the goal of reducing greenhouse gas (GHG) emissions consistent with the goals of the Paris Agreement. Among other goals, each member state has committed to reducing GHG emissions by at least 26% to 28% below 2005 levels by 2025. The alliance now has 15 members (California, Colorado, Connecticut, Delaware, Hawaii, Massachusetts, Minnesota, New York, North Carolina, Oregon, Puerto Rico, Rhode Island, Virginia, Vermont, and Washington), which accounts for more than 36% of the U.S. population.

On January 10, 2018, Governor Larry Hogan wrote a letter to the Executive Director of the U.S. Climate Alliance announcing that he intends to commit Maryland to participation in

the alliance. In his letter, the Governor reiterated that he disagreed with the decision to withdraw the country from the Paris Agreement. The Governor also noted that Maryland has taken a number of steps to address climate change in recent years. Some of these efforts are discussed below.

Maryland's Healthy Air Act and Greenhouse Gas Emissions Reduction Act

The Healthy Air Act of 2006 established emission limits for nitrogen oxides, sulfur dioxide, and mercury from specified electric generating facilities in the State. The Act also addressed carbon dioxide (CO₂) emissions by requiring the Governor to include the State in the Regional Greenhouse Gas Initiative (RGGI). In 2007, Maryland joined RGGI, a cap-and-trade program established in conjunction with eight other northeastern and mid-Atlantic states. Each state limits CO₂ emissions from electric power plants, issues CO₂ allowances, and establishes participation in CO₂ allowance auctions. In August 2017, the participating states agreed to further reduce the program's carbon pollution cap.

The Greenhouse Gas Reduction Act, originally enacted in 2009, and made permanent and expanded in 2016, was enacted in light of Maryland's particular vulnerability to the impacts of climate change. Under the Act, the State must develop plans, adopt regulations, and implement programs to reduce GHG emissions by 25% from 2006 levels by 2020, and must further reduce GHG emissions by 40% from 2006 levels by 2030; the 2030 reduction requirement terminates December 31, 2023. A draft plan to reach the 2030 requirement is expected to be released by MDE in 2018. In addition, by October 1, 2022, MDE must report on the progress toward achieving the 2030 reductions as well as the reductions needed by 2050 to avoid the most dangerous impacts of climate change, as specified.

Additional Information

Prior Introductions: None.

Cross File: SB 138 (Senator Conway, *et al.*) - Education, Health, and Environmental Affairs.

Information Source(s): Governor's Office; Maryland Department of the Environment; U.S. Climate Alliance; United Nations; Department of Legislative Services

Fiscal Note History: First Reader - January 22, 2018
md/lgc Third Reader - March 13, 2018

Analysis by: Kathleen P. Kennedy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510