

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 695 (Delegate Fraser-Hidalgo)
 Environment and Transportation

Environment – Climate Crisis Plan – Requirement (Better Together to Save Our Weather Act of 2022)

This bill requires each county to prepare a climate crisis plan and submit it to the Maryland Department of the Environment (MDE) for review by June 1, 2023. The bill establishes the minimum required contents of the plan as well as requirements each county must follow in preparing its plan. MDE must provide feedback to each county by November 1, 2023, and each county must address the feedback and finalize its plan by January 1, 2024. Each county also must post its final plan online and review and update its plan at least once every three years. **The bill takes effect June 1, 2022.**

Fiscal Summary

State Effect: General fund expenditures increase by \$56,400 in FY 2023; future years reflect annualization, inflation, and ongoing costs. State revenues are not directly affected.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	56,400	65,600	67,400	69,200	71,200
Net Effect	(\$56,400)	(\$65,600)	(\$67,400)	(\$69,200)	(\$71,200)

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

Local Effect: County expenditures increase significantly, as early as FY 2022, to develop, update, and implement the climate crisis plans. Revenues are not directly affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The General Assembly finds that requiring each county to prepare a climate crisis plan (1) is a critical step in responding to the climate crisis and (2) will reduce the differential impacts of and damage caused by climate change.

Each county climate crisis plan must address, at a minimum (1) increasing the county's use of renewable energy; (2) expanding or establishing residential and commercial energy efficiency programs, as specified; (3) reducing energy consumption in commercial, government, and residential buildings; (4) reducing and eliminating the use of fossil fuels in the design of new buildings; (5) retrofitting existing buildings to become 100% electric; (6) transitioning all vehicles owned or operated by the county to zero-emission vehicles and increasing the availability of electric vehicle charging stations, as specified; (7) encouraging the use of nonfossil fuel vehicles; (8) providing clean, efficient, and reliable public transportation; (9) designing and implementing safe infrastructure to promote alternative modes of transportation; (10) conducting a baseline greenhouse gas (GHG) emissions inventory of existing conditions and establishing GHG reduction targets; (11) sequestering carbon dioxide through specified means; (12) developing a plan for identifying the communities and infrastructure most vulnerable to the effects of climate change; (13) developing a plan for addressing the impacts of climate change on vulnerable communities, as specified; (14) adaptation strategies; and (15) costs to implement the plan.

In preparing a climate crisis plan, each county must (1) develop its plan in a manner that complements applicable State and federal guidance and programs on climate plans; (2) prioritize actions that will have the most meaningful impact on addressing the effects of climate change in the county; (3) hold at least two public hearings; and (4) provide an opportunity for public comment.

By June 1, 2023, each county must submit its climate crisis plan to MDE to ensure the plan proposes meaningful actions for addressing the items specified in the bill. MDE must provide feedback to each county by November 1, 2023. Each county must address the feedback provided by MDE, finalize its climate crisis plan by January 1, 2024, and post the final plan online. Each county must review and update its plan at least once every three years.

Current Law: There is no statewide requirement for counties to develop, submit, or implement climate crisis plans. However, counties are statutorily required to develop and submit several other types of plans.

For example, local jurisdictions are required to enact, adopt, amend, and execute a comprehensive plan that includes specified visions and elements. The visions address quality of life and sustainability, public participation, growth areas, community design,

infrastructure, transportation, housing, economic development, environmental protection, resource conservation, stewardship, and implementation. At least once every 10 years, each local jurisdiction must review its comprehensive plan and, if necessary, revise or amend the plan. Local comprehensive plans are submitted to the Maryland Department of Planning (MDP) for review for consistency with the State's Smart Growth and growth management laws.

Additionally, any local jurisdiction that experiences nuisance flooding is required to develop a plan to address the nuisance flooding and submit the plan to MDP. These plans must be updated at least every five years, and plans must be published online. MDP and MDE are tasked with developing and publishing guidelines to assist local jurisdictions with the collection of data to establish nuisance flooding baselines for use with developing the plans.

Maryland Greenhouse Gas Emissions Reduction Act

The Greenhouse Gas Emissions Reduction Act (GGRA), 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 and is the State's primary statutory guide to addressing 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.

Maryland Department of the Environment – General Duties

The Secretary of the Environment must carry out and enforce the provisions of the Environment Article and the rules and regulations adopted under the article. The Secretary is authorized to delegate duties, powers, and functions to a health officer for a county or to another county official authorized to administer and enforce environmental laws.

State Expenditures: General fund expenditures increase by \$56,377 in fiscal 2023, which accounts for a 120-day start-up delay. This estimate reflects the cost of hiring one natural resources planner within MDE to (1) review and analyze initial county climate crisis plans; (2) provide feedback to counties; (3) assist counties with plan implementation, as necessary; and (4) review updated plans. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- the climate crisis plans are comprehensive and technical, and an effective review and analysis of the plans requires dedicated staff;

- the plans must be updated on an ongoing basis, requiring permanent staff; and
- existing staff at MDE are fully subscribed.

Position	1.0
Salary and Fringe Benefits	\$49,034
Operating Expenses	<u>7,343</u>
Total FY 2023 State Expenditures	\$56,377

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. This estimate assumes that there are sufficient ongoing responsibilities for MDE to justify a dedicated full-time, permanent position. To the extent that MDE’s ongoing responsibilities (between initial and updated plan submissions) are not substantial, MDE may be able to hire contractual staff instead.

Local Expenditures: County expenditures increase, likely significantly for some, as early as fiscal 2022 to develop the climate crisis plans. Counties also incur costs to review and update their plans at least once every three years. County expenditures increase *significantly* further to implement the plans. A reliable estimate of the total costs resulting from the bill cannot be made at this time, but for some counties, the costs to develop the plan alone could exceed \$1.0 million.

Plan development costs likely vary by county and depend on MDE’s review criteria, whether a county already has a similar plan in place, and whether a county has the expertise to develop the plan with existing staff or must hire a consultant to do so. In particular, smaller counties with less sophisticated planning departments likely need to hire consultants to develop and update their plans.

For context, Baltimore County indicates that it has already developed plans for several of the elements required by the bill, including a GHG inventory and reduction plan and a vulnerability assessment to determine what county and community assets are most vulnerable to climate change. The county advises that it is also working on a county bicycle and pedestrian plan to encourage alternative means of transportation. The county notes that the GHG inventory and reduction plan costs \$85,000 to develop; the vulnerability assessment costs approximately \$220,000 to develop; and the county bicycle and pedestrian plan costs approximately \$200,000 to develop. Since these are only a few of the elements of the climate crisis plan required by the bill, it is anticipated that consultant costs to develop a plan with all of the required elements could easily exceed \$1.0 million. Baltimore County also notes that finding one consulting firm to complete an entire plan by the bill’s deadline is likely difficult.

Carroll County estimates that costs to develop the initial plan are \$600,000 and that follow-up plan revision and review costs range from \$50,000 to \$75,000.

Montgomery County advises that the county has already prepared a climate action plan and is in the process of developing a flooding strategy, which will be a precursor to more detailed technical studies. It is unclear whether these existing plans meet the plan requirements under the bill.

As noted above, once the climate crisis plans have been finalized, costs to implement them are significant. However, a reliable estimate of the total increase in costs cannot be predicted in advance.

Small Business Effect: Small businesses that are hired by counties to develop the climate crisis plans (or components of them) benefit from an increase in the demand for their services. As noted above, the development of the plans is a substantial effort, and many counties likely need to hire consultants to do the work.

Once plans begin to be implemented, there are likely significant impacts on small businesses in the State. Any effects on small businesses resulting from the implementation of the plans cannot be estimated beforehand.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 552 (Senator Kramer) - Education, Health, and Environmental Affairs.

Information Source(s): Baltimore, Carroll, Harford, and Montgomery counties; Maryland Association of Counties; Maryland Department of Emergency Management; Maryland State Department of Education; Maryland Department of the Environment; Maryland Department of Transportation; Maryland Energy Administration; Public Service Commission; Anne Arundel County Public Schools; St. Mary's County Public Schools; Department of Legislative Services

Fiscal Note History: First Reader - February 16, 2022
fnu2/lgc

Analysis by: Kathleen P. Kennedy

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