

HOUSE BILL 1438

M3, J5
HB 915/23 – ECM & ENT

4lr1676
CF SB 958

By: **Delegates Fraser–Hidalgo, Boafó, Watson, Acevero, Amprey, Bagnall, Charkoudian, Cullison, Davis, Ebersole, Edelson, Embry, Feldmark, Fennell, Foley, Grossman, Guyton, Guzzone, Harris, Henson, Hill, Ivey, Jackson, A. Johnson, S. Johnson, D. Jones, Kaufman, Kerr, Lehman, R. Lewis, J. Long, Love, Palakovich Carr, Pasteur, Pena–Melnik, Pruski, Qi, Queen, Rosenberg, Ruff, Ruth, Simpson, Smith, Solomon, Stein, Stewart, Terrasa, Turner, Valderrama, Vogel, Wells, Wilkins, Wims, Woods, and Ziegler**

Introduced and read first time: February 9, 2024

Assigned to: Economic Matters and Environment and Transportation

A BILL ENTITLED

AN ACT concerning

Responding to Emergency Needs From Extreme Weather (RENEW) Act of 2024

FOR the purpose of establishing the Climate Change Adaptation and Mitigation Payment Program in the Department of the Environment to secure payments from certain businesses that extract fossil fuels or refine petroleum products in order to provide a source of revenue for State efforts to adapt to or mitigate the effects of climate change and to address the health impacts of climate change on vulnerable populations; establishing the Climate Change Adaptation and Mitigation Fund as a special, nonlapsing fund; authorizing the Legislative Auditor to conduct certain audits of the Fund and of the appropriations and expenditures made for the purposes of the Climate Change Adaptation and Mitigation Payment Program; and generally relating to the Climate Change Adaptation and Mitigation Payment Program.

BY repealing and reenacting, without amendments,
Article – Environment
Section 2–1504(a)
Annotated Code of Maryland
(2013 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, with amendments,
Article – Environment
Section 2–1504(e)
Annotated Code of Maryland
(2013 Replacement Volume and 2023 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY adding to

Article – Environment

Section 2–1701 through 2–1707 to be under the new subtitle “Subtitle 17. Climate Change Adaptation and Mitigation Payment Program”

Annotated Code of Maryland

(2013 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, without amendments,

Article – Public Safety

Section 14–110.4(b) and 14–110.5(b)

Annotated Code of Maryland

(2022 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, with amendments,

Article – Public Safety

Section 14–110.4(h) and 14–110.5(f)

Annotated Code of Maryland

(2022 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, without amendments,

Article – State Government

Section 9–2012(b) and (i)(1)

Annotated Code of Maryland

(2021 Replacement Volume and 2023 Supplement)

(As enacted by Chapter 246 of the Acts of the General Assembly of 2022)

BY repealing and reenacting, with amendments,

Article – State Government

Section 9–2012(i)(4)

Annotated Code of Maryland

(2021 Replacement Volume and 2023 Supplement)

(As enacted by Chapter 246 of the Acts of the General Assembly of 2022)

BY repealing and reenacting, without amendments,

Article – State Government

Section 9–2015(b) and 9–20B–05(a)

Annotated Code of Maryland

(2021 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, with amendments,

Article – State Government

Section 9–2015(f) and 9–20B–05(e)

Annotated Code of Maryland

(2021 Replacement Volume and 2023 Supplement)

BY adding to

Article – State Government
Section 9–20B–05(i–2)
Annotated Code of Maryland
(2021 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, without amendments,
Article – Transportation
Section 7–1202(a) and 7–1203(a)
Annotated Code of Maryland
(2020 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, with amendments,
Article – Transportation
Section 7–1203(c)
Annotated Code of Maryland
(2020 Replacement Volume and 2023 Supplement)

Preamble

WHEREAS, Climate change, resulting primarily from the combustion of fossil fuels, is an immediate, grave threat to the State’s communities, environment, and economy; and

WHEREAS, In addition to mitigating the further buildup of greenhouse gases, the State must take action to adapt to certain consequences of climate change that are irreversible, including rising sea levels, increasing temperatures, extreme weather events, flooding, heat waves, toxic algae blooms, and other threats; and

WHEREAS, Meeting the challenge of adapting to and mitigating the effects of climate change will require a shared commitment of purpose and huge investments in new or upgraded infrastructure; and

WHEREAS, The State has previously adopted programs, such as the Cigarette Restitution Fund Program, to require industries that have profited by harming the public welfare to shoulder their share of the burden in redressing that harm; and

WHEREAS, Based on decades of research, it is now possible to determine with great accuracy the share of greenhouse gases released into the atmosphere by specific fossil fuel companies over the last 70 years or more, making it possible to assign liability and require compensation from companies commensurate with their emissions during a given time period; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Environment

2–1504.

- (a) There is a Zero-Emission Vehicle School Bus Transition Fund.
- (e) The Fund consists of:
 - (1) Money appropriated in the State budget to the Fund;
 - (2) Interest earnings of the Fund;
 - (3) Donations;
 - (4) Money derived from legal settlements earmarked for the purpose of transitioning to school buses that are zero-emission vehicles; [and]
 - (5) **MONEY RECEIVED FROM THE CLIMATE CHANGE ADAPTATION AND MITIGATION FUND IN ACCORDANCE WITH § 2-1704 OF THIS TITLE; AND**
 - (6) Any other money from any other source accepted for the benefit of the Fund.

SUBTITLE 17. CLIMATE CHANGE ADAPTATION AND MITIGATION PAYMENT PROGRAM.

2-1701.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) (1) “CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECT” MEANS AN INFRASTRUCTURE PROJECT DESIGNED TO AVOID, MODERATE, OR REPAIR DAMAGE CAUSED BY CLIMATE CHANGE.

(2) “CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECT” INCLUDES PROJECTS TO:

(I) CONSTRUCT SEAWALLS OR OTHER COASTAL DEFENSE STRUCTURES;

(II) UPGRADE STORMWATER OR SEWER SYSTEMS;

(III) MAKE DEFENSIVE UPGRADES TO ROADS, BRIDGES, RAIL INFRASTRUCTURE, OR OTHER TRANSIT SYSTEMS;

(IV) PREPARE FOR AND RECOVER FROM HURRICANES AND OTHER EXTREME WEATHER EVENTS;

(V) RELOCATE, ELEVATE, OR RETROFIT WASTEWATER TREATMENT PLANTS THAT ARE VULNERABLE TO FLOODING;

(VI) INSTALL HEAT PUMPS AND OTHER CLEAN ENERGY RETROFITS IN PUBLIC AND PRIVATE BUILDINGS, INCLUDING SCHOOL BUILDINGS; AND

(VII) RESPOND TO TOXIC ALGAE BLOOMS, THE LOSS OF AGRICULTURAL TOPSOIL, AND OTHER CLIMATE-DRIVEN ECOSYSTEM THREATS TO FORESTS, FARMS, AND FISHERIES.

(C) "COAL" INCLUDES:

- (1) BITUMINOUS COAL;
- (2) ANTHRACITE COAL; AND
- (3) LIGNITE.

(D) "COMMUNITY DISPROPORTIONATELY AFFECTED BY CLIMATE IMPACTS" MEANS A COMMUNITY IDENTIFIED IN ACCORDANCE WITH § 1-702 OF THIS ARTICLE.

(E) "CONTROLLED GROUP" MEANS TWO OR MORE ENTITIES TREATED AS A SINGLE EMPLOYER UNDER:

- (1) § 52(A) OR (B) OF THE INTERNAL REVENUE CODE, WITHOUT REGARD TO § 1563(B)(2)(C) OF THE INTERNAL REVENUE CODE; OR
- (2) § 414(M) OR (O) OF THE INTERNAL REVENUE CODE.

(F) "COST RECOVERY DEMAND" MEANS A CHARGE ASSERTED AGAINST A RESPONSIBLE PARTY FOR COST RECOVERY PAYMENTS UNDER THE PROGRAM.

(G) "COVERED GREENHOUSE GAS EMISSIONS" MEANS THE TOTAL QUANTITY OF GREENHOUSE GASES RELEASED INTO THE ATMOSPHERE DURING THE COVERED PERIOD, EXPRESSED IN METRIC TONS OF CARBON DIOXIDE EQUIVALENT, RESULTING FROM THE USE OF FOSSIL FUELS OR PETROLEUM PRODUCTS EXTRACTED, PRODUCED, REFINED, OR SOLD BY AN ENTITY.

(H) “COVERED PERIOD” MEANS JANUARY 1, 2000, THROUGH DECEMBER 31, 2018, BOTH INCLUSIVE.

(I) (1) “CRUDE OIL” MEANS OIL OR PETROLEUM OF ANY KIND AND IN ANY FORM.

(2) “CRUDE OIL” INCLUDES:

(I) BITUMEN;

(II) OIL SANDS;

(III) HEAVY OIL;

(IV) CONVENTIONAL AND UNCONVENTIONAL OIL;

(V) SHALE OIL;

(VI) NATURAL GAS LIQUIDS;

(VII) CONDENSATES; AND

(VIII) RELATED FOSSIL FUELS.

(J) “ENTITY” MEANS ANY INDIVIDUAL, TRUSTEE, AGENT, PARTNERSHIP, ASSOCIATION, CORPORATION, COMPANY, MUNICIPAL CORPORATION, POLITICAL SUBDIVISION, OR OTHER PERSON, INCLUDING A FOREIGN NATION, THAT HOLDS OR HELD AN OWNERSHIP INTEREST IN A FOSSIL FUEL BUSINESS DURING THE COVERED PERIOD.

(K) “FOSSIL FUEL” MEANS COAL, PETROLEUM PRODUCTS, AND FUEL GASES.

(L) “FOSSIL FUEL BUSINESS” MEANS A BUSINESS ENGAGING IN THE EXTRACTION OF FOSSIL FUELS OR THE REFINING OF PETROLEUM PRODUCTS.

(M) “FUEL GAS” INCLUDES:

(1) METHANE;

(2) NATURAL GAS;

(3) LIQUEFIED NATURAL GAS; AND

(4) MANUFACTURED FUEL GASES.

(N) “FUND” MEANS THE CLIMATE CHANGE ADAPTATION AND MITIGATION FUND ESTABLISHED UNDER § 2-1704 OF THIS SUBTITLE.

(O) “GREENHOUSE GAS” HAS THE MEANING STATED IN § 2-1202 OF THIS TITLE.

(P) “NOTICE OF COST RECOVERY DEMAND” MEANS A WRITTEN COMMUNICATION INFORMING A RESPONSIBLE PARTY OF THE AMOUNT OF THE COST RECOVERY DEMAND PAYABLE TO THE DEPARTMENT UNDER THIS SUBTITLE.

(Q) “PETROLEUM PRODUCT” MEANS ANY PRODUCT REFINED OR RE-REFINED FROM:

(1) SYNTHETIC OR CRUDE OIL; OR

(2) CRUDE OIL EXTRACTED FROM NATURAL GAS LIQUIDS OR OTHER SOURCES.

(R) “PROGRAM” MEANS THE CLIMATE CHANGE ADAPTATION AND MITIGATION PAYMENT PROGRAM ESTABLISHED UNDER § 2-1702 OF THIS SUBTITLE.

(S) (1) “QUALIFYING EXPENDITURE” MEANS AN AUTHORIZED PAYMENT FROM THE FUND IN SUPPORT OF A CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECT.

(2) “QUALIFYING EXPENDITURE” INCLUDES, TO THE EXTENT AUTHORIZED IN DEPARTMENT REGULATIONS, A PAYMENT TOWARD THE OPERATION AND MAINTENANCE OF A CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECT.

(T) (1) “RESPONSIBLE PARTY” MEANS AN ENTITY, OR A SUCCESSOR IN INTEREST TO AN ENTITY, THAT:

(I) DURING ANY PART OF THE COVERED PERIOD, WAS ENGAGED IN THE TRADE OR BUSINESS OF EXTRACTING FOSSIL FUEL OR REFINING CRUDE OIL; AND

(II) IS DETERMINED BY THE DEPARTMENT TO BE RESPONSIBLE FOR MORE THAN 1,000,000,000 TONS OF COVERED GREENHOUSE GAS EMISSIONS.

(2) “RESPONSIBLE PARTY” DOES NOT INCLUDE ANY PERSON THAT LACKS SUFFICIENT CONNECTION WITH THE STATE TO SATISFY THE NEXUS REQUIREMENTS OF THE UNITED STATES CONSTITUTION.

2-1702.

(A) THERE IS A CLIMATE CHANGE ADAPTATION AND MITIGATION PAYMENT PROGRAM IN THE DEPARTMENT.

(B) THE PURPOSE OF THE PROGRAM IS TO:

(1) SECURE COMPENSATORY PAYMENTS FROM FOSSIL FUEL BUSINESSES BASED ON A STANDARD OF STRICT LIABILITY IN ORDER TO PROVIDE A SOURCE OF REVENUE FOR STATE EFFORTS TO:

(I) ADAPT TO AND MITIGATE THE EFFECTS OF CLIMATE CHANGE, INCLUDING THROUGH THE IMPLEMENTATION OF CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECTS; AND

(II) ADDRESS THE HEALTH IMPACTS OF CLIMATE CHANGE ON VULNERABLE POPULATIONS;

(2) DETERMINE THE PROPORTIONAL LIABILITY OF RESPONSIBLE PARTIES IN ACCORDANCE WITH § 2-1703 OF THIS SUBTITLE;

(3) IMPOSE COST RECOVERY DEMANDS ON RESPONSIBLE PARTIES AND ISSUE NOTICES OF COST RECOVERY DEMANDS;

(4) ACCEPT AND COLLECT COST RECOVERY PAYMENTS FROM RESPONSIBLE PARTIES;

(5) IDENTIFY CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECTS WITHIN THE STATE;

(6) DISBURSE FUNDS IN ACCORDANCE WITH THIS SUBTITLE; AND

(7) ENSURE THAT AT LEAST 40% OF THE QUALIFIED EXPENDITURES FROM THE PROGRAM GO TO CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECTS THAT DIRECTLY BENEFIT COMMUNITIES DISPROPORTIONATELY AFFECTED BY CLIMATE IMPACTS.

2-1703.

(A) (1) A RESPONSIBLE PARTY IS STRICTLY LIABLE, WITHOUT REGARD TO FAULT, FOR A SHARE OF THE COSTS OF CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECTS, INCLUDING OPERATING AND MAINTENANCE COSTS, SUPPORTED BY THE FUND.

(2) FOR PURPOSES OF THIS SECTION, ENTITIES IN A CONTROLLED GROUP:

(I) SHALL BE TREATED BY THE DEPARTMENT AS A SINGLE ENTITY FOR THE PURPOSE OF IDENTIFYING RESPONSIBLE PARTIES; AND

(II) ARE JOINTLY AND SEVERALLY LIABLE FOR PAYMENT OF ANY COST RECOVERY DEMAND OWED BY ANY ENTITY IN THE CONTROLLED GROUP.

(B) WITH RESPECT TO EACH RESPONSIBLE PARTY, THE COST RECOVERY DEMAND SHALL BE EQUAL TO AN AMOUNT THAT BEARS THE SAME RATIO TO \$9,000,000,000 AS THE RESPONSIBLE PARTY'S APPLICABLE SHARE OF COVERED GREENHOUSE GAS EMISSIONS BEARS TO THE AGGREGATE APPLICABLE SHARES OF ALL RESPONSIBLE PARTIES' COVERED GREENHOUSE GAS EMISSIONS.

(C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A RESPONSIBLE PARTY'S APPLICABLE SHARE OF GREENHOUSE GAS EMISSIONS SHALL BE THE AMOUNT BY WHICH THE COVERED GREENHOUSE GAS EMISSIONS ATTRIBUTABLE TO THE RESPONSIBLE PARTY EXCEEDS 1,000,000,000 METRIC TONS.

(2) IF A RESPONSIBLE PARTY OWNS A MINORITY INTEREST OF 10% OR MORE IN ANOTHER ENTITY, THE RESPONSIBLE PARTY'S APPLICABLE SHARE OF GREENHOUSE GAS EMISSIONS SHALL BE CALCULATED AS THE APPLICABLE SHARE OF GREENHOUSE GAS EMISSIONS FOR THE ENTITY IN WHICH THE RESPONSIBLE PARTY HOLDS A MINORITY INTEREST, AS CALCULATED UNDER PARAGRAPH (1) OF THIS SUBSECTION, MULTIPLIED BY THE PERCENTAGE OF THE MINORITY INTEREST HELD BY THE RESPONSIBLE PARTY.

(3) IN DETERMINING THE AMOUNT OF GREENHOUSE GAS EMISSIONS ATTRIBUTABLE TO AN ENTITY, THE DEPARTMENT SHALL ASSUME THAT:

(I) 942.5 METRIC TONS OF CARBON DIOXIDE EQUIVALENT IS RELEASED FOR EVERY 1,000,000 POUNDS OF COAL ATTRIBUTABLE TO THE ENTITY;

(II) 432,180 METRIC TONS OF CARBON DIOXIDE EQUIVALENT IS RELEASED FOR EVERY 1,000,000 BARRELS OF CRUDE OIL ATTRIBUTABLE TO THE ENTITY; AND

(III) 53,440 METRIC TONS OF CARBON DIOXIDE EQUIVALENT IS RELEASED FOR EVERY 1,000,000 CUBIC FEET OF FUEL GASES ATTRIBUTABLE TO THE ENTITY.

(D) THE DEPARTMENT MAY ADJUST THE COST RECOVERY DEMAND AMOUNT OF A RESPONSIBLE PARTY THAT REFINES PETROLEUM PRODUCTS OR THAT IS A SUCCESSOR IN INTEREST TO AN ENTITY THAT REFINES PETROLEUM PRODUCTS, IF THE RESPONSIBLE PARTY ESTABLISHES TO THE SATISFACTION OF THE DEPARTMENT THAT:

(1) A PORTION OF THE COST RECOVERY DEMAND AMOUNT WAS ATTRIBUTABLE TO THE REFINING OF CRUDE OIL EXTRACTED BY ANOTHER ENTITY; AND

(2) THE CRUDE OIL EXTRACTED BY THE OTHER ENTITY WAS ACCOUNTED FOR WHEN THE DEPARTMENT DETERMINED THE COST RECOVERY DEMAND AMOUNT FOR THE OTHER ENTITY OR A SUCCESSOR IN INTEREST OF THE OTHER ENTITY.

(E) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A RESPONSIBLE PARTY SHALL PAY THE COST RECOVERY DEMAND AMOUNT IN FULL ON OR BEFORE OCTOBER 1, 2026.

(2) (I) A RESPONSIBLE PARTY MAY ELECT TO PAY THE COST RECOVERY DEMAND AMOUNT IN NINE ANNUAL INSTALLMENTS IN ACCORDANCE WITH THIS PARAGRAPH.

(II) THE FIRST INSTALLMENT SHALL BE PAID ON OR BEFORE OCTOBER 1, 2026, AND SHALL BE EQUAL TO 20% OF THE TOTAL COST RECOVERY DEMAND AMOUNT.

(III) EACH SUBSEQUENT INSTALLMENT SHALL BE PAID ON OR BEFORE SEPTEMBER 30 EACH SUBSEQUENT YEAR AND SHALL BE EQUAL TO 10% OF THE TOTAL COST RECOVERY DEMAND AMOUNT.

(IV) 1. THE UNPAID BALANCE OF ALL REMAINING INSTALLMENTS SHALL BECOME DUE IMMEDIATELY IF:

A. THE RESPONSIBLE PARTY FAILS TO PAY ANY INSTALLMENT IN A TIMELY MANNER, AS SPECIFIED IN DEPARTMENT REGULATIONS;

B. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, THERE IS A LIQUIDATION OR SALE OF SUBSTANTIALLY ALL THE ASSETS OF THE RESPONSIBLE PARTY, INCLUDING IN A BANKRUPTCY PROCEEDING; OR

C. THE RESPONSIBLE PARTY CEASES TO DO BUSINESS.

2. IN THE CASE OF A SALE OF SUBSTANTIALLY ALL THE ASSETS OF A RESPONSIBLE PARTY, THE REMAINING INSTALLMENTS SHALL NOT BECOME DUE IMMEDIATELY IF THE BUYER ENTERS INTO AN AGREEMENT WITH THE DEPARTMENT UNDER WHICH THE BUYER ASSUMES LIABILITY FOR THE REMAINING INSTALLMENTS DUE UNDER THIS SUBPARAGRAPH IN THE SAME MANNER AS IF THE BUYER WERE THE RESPONSIBLE PARTY.

(F) THE DEPARTMENT SHALL DEPOSIT COST RECOVERY PAYMENTS COLLECTED UNDER THIS SECTION TO THE CLIMATE CHANGE ADAPTATION AND MITIGATION FUND ESTABLISHED UNDER § 2-1704 OF THIS SUBTITLE.

(G) A RESPONSIBLE PARTY MAY REQUEST A HEARING UNDER TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT ARTICLE (ADMINISTRATIVE PROCEDURE ACT – CONTESTED CASES) TO CONTEST A COST RECOVERY DEMAND MADE BY THE DEPARTMENT UNDER THIS SECTION.

(H) (1) THE REMEDIES PROVIDED IN THIS SECTION ARE IN ADDITION TO ANY OTHER REMEDY PROVIDED BY LAW.

(2) THIS SECTION MAY NOT BE INTERPRETED TO PREVENT A PERSON FROM PURSUING A CIVIL ACTION OR ANY OTHER REMEDY PROVIDED BY LAW.

2-1704.

(A) THERE IS A CLIMATE CHANGE ADAPTATION AND MITIGATION FUND.

(B) THE PURPOSE OF THE FUND IS TO PROVIDE FUNDING FOR STATE EFFORTS TO ADAPT TO AND MITIGATE THE EFFECTS OF CLIMATE CHANGE.

(C) THE DEPARTMENT SHALL ADMINISTER THE FUND.

(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(E) THE FUND CONSISTS OF:

(1) COST RECOVERY PAYMENTS DISTRIBUTED TO THE FUND UNDER § 2-1703 OF THIS SUBTITLE;

(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;
AND

(3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(F) THE FUND MAY BE USED ONLY:

(1) TO PAY:

(I) QUALIFIED EXPENDITURES FOR CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECTS IDENTIFIED BY THE DEPARTMENT IN ACCORDANCE WITH REGULATIONS ADOPTED UNDER § 2-1706 OF THIS SUBTITLE; AND

(II) REASONABLE ADMINISTRATIVE COSTS OF THE PROGRAM;

(2) TO PROVIDE GRANTS TO LOCAL JURISDICTIONS IN ACCORDANCE WITH § 2-1705 OF THIS SUBTITLE;

(3) FOR THE DEPARTMENT'S COMPREHENSIVE FLOOD MANAGEMENT GRANT PROGRAM UNDER § 5-803 OF THIS ARTICLE TO IMPLEMENT:

(I) CAPITAL PROJECTS UNDERTAKEN AS PART OF COMPREHENSIVE FLOOD MANAGEMENT PLANS; AND

(II) INFRASTRUCTURE REPAIRS, WATERSHED RESTORATION, AND EMERGENCY PROTECTION WORK ASSOCIATED WITH FLOOD EVENTS; AND

(4) TO SUPPORT THE FOLLOWING:

(I) THE STATE DISASTER RECOVERY FUND UNDER § 14-110.5 OF THE PUBLIC SAFETY ARTICLE FOR DISASTER RECOVERY ASSISTANCE;

(II) THE MARYLAND DEPARTMENT OF HEALTH'S OFFICE OF MINORITY HEALTH AND HEALTH DISPARITIES IN ADDRESSING THE HEALTH IMPACTS OF CLIMATE CHANGE ON MINORITY ADULTS, CHILDREN, AND INFANTS;

(III) THE DEPARTMENT OF NATURAL RESOURCES IN MITIGATING THE DAMAGE FROM SEA LEVEL RISE THROUGH THE IMPLEMENTATION OF LIVING SHORELINE PROJECTS;

(IV) THE DEPARTMENT OF NATURAL RESOURCES IN MANAGING FLOODING THROUGH THE IMPLEMENTATION OF STREAM RESTORATION AND NATURAL FILTRATION PROJECTS;

(V) THE DEPARTMENT OF NATURAL RESOURCES IN PROVIDING PLANNING GRANTS TO LOCAL GOVERNMENTS TO PREPARE FOR EXTREME FLOODING;

(VI) THE MARYLAND STRATEGIC ENERGY INVESTMENT FUND UNDER § 9-20B-05 OF THE STATE GOVERNMENT ARTICLE FOR:

1. ENERGY EFFICIENCY PROGRAMS BENEFITING LOW-INCOME AND MODERATE-INCOME HOUSEHOLDS; AND

2. OTHER CLEAN ENERGY INVESTMENTS;

(VII) THE RESILIENCY HUB GRANT PROGRAM FUND UNDER § 9-2015 OF THE STATE GOVERNMENT ARTICLE IN DEVELOPING RESILIENCY HUBS SERVING LOW-INCOME AND MODERATE-INCOME HOUSEHOLDS;

(VIII) THE MARYLAND DEPARTMENT OF EMERGENCY MANAGEMENT IN SUPPLEMENTING PRE-DISASTER MITIGATION FUNDING PROVIDED UNDER THE FEDERAL BUILDING RESILIENT INFRASTRUCTURE AND COMMUNITIES (BRIC) GRANT PROGRAM;

(IX) THE RESILIENT MARYLAND REVOLVING LOAN FUND UNDER § 14-110.4 OF THE PUBLIC SAFETY ARTICLE;

(X) THE CLIMATE CATALYTIC CAPITAL FUND UNDER § 10-855 OF THE ECONOMIC DEVELOPMENT ARTICLE;

(XI) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT IN PROVIDING GRANTS AND LOANS UNDER THE MARYLAND WHOLEHOME PROGRAM;

(XII) THE MARYLAND ENERGY ADMINISTRATION IN PROVIDING FINANCIAL ASSISTANCE TO LOW-INCOME AND MODERATE-INCOME HOUSEHOLDS TO TRANSITION THEIR HOMES OFF FOSSIL FUELS;

(XIII) THE ENERGY STORAGE SYSTEM GRANT FUND UNDER § 9-2012 OF THE STATE GOVERNMENT ARTICLE;

(XIV) THE DEPARTMENT OF COMMERCE IN ATTRACTING CLEANTECH AND RENEWABLE ENERGY BUSINESSES TO THE STATE;

(XV) THE DEPARTMENT'S DAM SAFETY PROGRAM UNDER TITLE 5, SUBTITLE 5 OF THIS ARTICLE;

(XVI) THE DEPARTMENT IN SUPPLEMENTING FUNDING FOR THE COMMISSION ON ENVIRONMENTAL JUSTICE AND SUSTAINABLE COMMUNITIES UNDER TITLE 1, SUBTITLE 7 OF THIS ARTICLE;

(XVII) THE DEPARTMENT OF TRANSPORTATION FOR THE STATEWIDE TRANSIT INNOVATION GRANT PROGRAM;

(XVIII) THE ZERO-EMISSION VEHICLE SCHOOL BUS TRANSITION FUND UNDER § 2-1504 OF THIS TITLE;

(XIX) THE MARYLAND ENERGY ADMINISTRATION FOR THE MEDIUM-DUTY AND HEAVY-DUTY ZERO-EMISSION VEHICLE GRANT PROGRAM UNDER § 9-2011 OF THE STATE GOVERNMENT ARTICLE;

(XX) THE MARYLAND ENERGY ADMINISTRATION FOR THE ELECTRIC VEHICLE RECHARGING EQUIPMENT REBATE PROGRAM UNDER § 9-2009 OF THE STATE GOVERNMENT ARTICLE;

(XXI) THE DEPARTMENT OF TRANSPORTATION FOR THE KIM LAMPHIER BIKEWAYS NETWORK PROGRAM UNDER § 2-608 OF THE TRANSPORTATION ARTICLE;

(XXII) THE TRANSIT-ORIENTED DEVELOPMENT CAPITAL GRANT AND REVOLVING LOAN FUND UNDER TITLE 7, SUBTITLE 12 OF THE TRANSPORTATION ARTICLE;

(XXIII) THE DEPARTMENT IN HIRING ADDITIONAL STAFF IN THE DEPARTMENT TO WORK ON INITIATIVES TO PROTECT OVERBURDENED AND UNDERSERVED COMMUNITIES, AS DEFINED IN § 1-701 OF THIS ARTICLE, FROM THE EFFECTS OF CLIMATE CHANGE THROUGH IMPROVEMENTS TO PERMITTING PROCESSES, COMMUNITY OUTREACH EFFORTS, AND OTHER INITIATIVES;

(XXIV) THE DEPARTMENT IN HIRING ADDITIONAL STAFF TO SUPPORT THE DEPARTMENT'S CLIMATE CHANGE PROGRAM;

(XXV) THE PUBLIC SERVICE COMMISSION IN HIRING ADDITIONAL STAFF TO SUPPORT IMPLEMENTATION OF THE EMPOWER MARYLAND PROGRAM; AND

(XXVI) THE MARYLAND DEPARTMENT OF EMERGENCY MANAGEMENT IN HIRING ENGINEERING STAFF FOR THE OFFICE OF RESILIENCY TO WORK ON FLOOD-RELATED ISSUES.

(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE GENERAL FUND OF THE STATE.

(H) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

2-1705.

(A) THE DEPARTMENT SHALL ESTABLISH AND ADMINISTER A GRANT PROGRAM FOR THE DISTRIBUTION OF FUNDS RECEIVED UNDER § 2-1704(F)(2) OF THIS SUBTITLE TO LOCAL JURISDICTIONS FOR THE PURPOSE OF ASSISTING LOCAL EFFORTS TO ADAPT TO AND MITIGATE THE EFFECTS OF CLIMATE CHANGE.

(B) THE DEPARTMENT SHALL ESTABLISH:

(1) APPLICATION PROCEDURES FOR THE GRANT PROGRAM;

(2) CRITERIA FOR PRIORITIZING APPLICATIONS UNDER THE GRANT PROGRAM;

(3) PROCEDURES FOR AWARDING GRANTS UNDER THE GRANT PROGRAM; AND

(4) ANY OTHER PROCEDURES OR CRITERIA NECESSARY TO CARRY OUT THIS SECTION.

2-1706.

(A) ON OR BEFORE OCTOBER 1, 2025, THE DEPARTMENT SHALL ADOPT REGULATIONS NECESSARY TO CARRY OUT THE PROGRAM.

(B) THE REGULATIONS SHALL INCLUDE:

(1) METHODOLOGIES USING THE BEST AVAILABLE SCIENCE TO IDENTIFY RESPONSIBLE PARTIES AND DETERMINE RESPONSIBLE PARTIES' APPLICABLE SHARES OF GREENHOUSE GAS EMISSIONS;

(2) RULES RELATING TO:

(I) REGISTERING ENTITIES DETERMINED TO BE RESPONSIBLE PARTIES UNDER THE PROGRAM;

(II) ISSUING NOTICES OF COST RECOVERY DEMANDS, WHICH SHALL INCLUDE:

1. THE COST RECOVERY DEMAND AMOUNT;

2. THE TIME AND MANNER IN WHICH COST RECOVERY PAYMENTS MUST BE MADE;

3. THE CONSEQUENCES OF NONPAYMENT OR LATE PAYMENT; AND

4. INFORMATION REGARDING THE RIGHT TO REQUEST A CONTESTED CASE HEARING; AND

(III) ACCEPTING PAYMENTS FROM, PURSUING COLLECTION EFFORTS AGAINST, AND NEGOTIATING SETTLEMENT AGREEMENTS WITH RESPONSIBLE PARTIES; AND

(3) SUBJECT TO SUBSECTION (C) OF THIS SECTION, PROCEDURES FOR IDENTIFYING CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECTS ELIGIBLE TO RECEIVE QUALIFYING EXPENDITURES FROM THE FUND.

(C) (1) THE DEPARTMENT MAY BY REGULATION PROVIDE FOR CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECTS TO BE IDENTIFIED FOR FUNDING THROUGH:

(I) LEGISLATIVE BUDGET APPROPRIATIONS;

(II) THE ISSUANCE OF REQUESTS FOR PROPOSALS FROM LOCAL GOVERNMENTS, NONPROFIT ORGANIZATIONS, OR COMMUNITY GROUPS; OR

(III) ANY OTHER METHOD THE DEPARTMENT DEEMS APPROPRIATE.

(2) THE DEPARTMENT SHALL ENSURE THAT AT LEAST 40% OF THE QUALIFIED EXPENDITURES FROM THE PROGRAM GO TO CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECTS THAT DIRECTLY BENEFIT COMMUNITIES DISPROPORTIONATELY AFFECTED BY CLIMATE IMPACTS.

2-1707.

(A) ON OR BEFORE OCTOBER 1, 2027, AND EACH OCTOBER 1 THEREAFTER, THE DEPARTMENT SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON:

(1) THE COST RECOVERY PAYMENTS RECEIVED AND THE FUNDING DISBURSED FROM THE FUND DURING THE PRECEDING FISCAL YEAR;

(2) THE STATUS OF CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECTS FUNDED UNDER THE PROGRAM;

(3) THE PERCENTAGE OF QUALIFIED EXPENDITURES MADE DURING THE PRECEDING FISCAL YEAR THAT FUNDED CLIMATE CHANGE ADAPTIVE OR MITIGATION INFRASTRUCTURE PROJECTS THAT DIRECTLY BENEFITED COMMUNITIES DISPROPORTIONATELY AFFECTED BY CLIMATE IMPACTS; AND

(4) THE EFFECTIVENESS OF THE PROGRAM IN ACHIEVING THE PURPOSES OF THIS SUBTITLE.

(B) (1) THE LEGISLATIVE AUDITOR MAY CONDUCT POST AUDITS OF A FISCAL AND COMPLIANCE NATURE OF THE FUND AND OF THE APPROPRIATIONS AND EXPENDITURES MADE FOR THE PURPOSES OF THIS SUBTITLE.

(2) THE COST OF THE FISCAL PORTION OF AN AUDIT SHALL BE PAID FROM THE FUND AS AN ADMINISTRATIVE COST.

Article – Public Safety

14-110.4.

(b) There is a Resilient Maryland Revolving Loan Fund.

(h) The Fund consists of:

- (1) money appropriated in the State budget to the Fund;
- (2) investment and interest earnings of the Fund;
- (3) repayments of principal and interest from loans made from the Fund;
- (4) money received from the Federal Emergency Management Agency;

[and]

(5) **MONEY RECEIVED FROM THE CLIMATE CHANGE ADAPTATION AND MITIGATION FUND IN ACCORDANCE WITH § 2-1704 OF THE ENVIRONMENT ARTICLE; AND**

(6) any other money from any other source accepted for the benefit of the Fund.

14-110.5.

(b) There is a State Disaster Recovery Fund.

(f) (1) The Governor may include in the annual budget bill an appropriation to the Fund.

(2) The Fund [shall consist] **CONSISTS** of:

- (i) money appropriated in the State budget to the Fund;
- (ii) repayments of principal and interest from loans made from the

Fund;

(iii) reimbursements from the federal government or other legal entities for disaster recovery assistance expenditures made from the Fund;

(iv) **FUNDS RECEIVED FROM THE CLIMATE CHANGE ADAPTATION AND MITIGATION FUND IN ACCORDANCE WITH § 2-1704 OF THE ENVIRONMENT ARTICLE;**

(v) interest earnings of the Fund; and

[(v)] (vi) any other money from any other source accepted for the benefit of the Fund.

9–2012.

(b) There is an Energy Storage System Grant Program in the Administration.

(i) (1) There is an Energy Storage System Grant Fund.

(4) The Fund consists of:

(i) money appropriated in the State budget to the Fund; [and]

(ii) **MONEY RECEIVED FROM THE CLIMATE CHANGE ADAPTATION AND MITIGATION FUND IN ACCORDANCE WITH § 2–1704 OF THE ENVIRONMENT ARTICLE; AND**

(iii) any other money from any other source accepted for the benefit of the Fund.

9–2015.

(b) There is a Resiliency Hub Grant Program Fund.

(f) The Fund consists of:

(1) grant funding obtained under subsection (k) of this section;

(2) funds distributed to the Fund under § 9–20B–05 of this title and §§ 2–110.1 and 13–201 of the Public Utilities Article;

(3) money appropriated in the State budget to the Fund;

(4) **MONEY RECEIVED FROM THE CLIMATE CHANGE ADAPTATION AND MITIGATION FUND IN ACCORDANCE WITH § 2–1704 OF THE ENVIRONMENT ARTICLE;**

(5) interest earnings; and

[(5)] (6) any other money from any other source accepted for the benefit of the Fund.

9–20B–05.

(a) There is a Maryland Strategic Energy Investment Fund.

(e) The Fund consists of:

(1) all of the proceeds from the sale of allowances under § 2–1002(g) of the Environment Article;

(2) money appropriated in the State budget to the Program;

(3) repayments and prepayments of principal and interest on loans made from the Fund;

(4) interest and investment earnings on the Fund;

(5) compliance fees paid under § 7–705 of the Public Utilities Article;

(6) money received from any public or private source for the benefit of the Fund; [and]

(7) money transferred from the Public Service Commission under § 7–207.2(c)(3) of the Public Utilities Article; AND

(8) MONEY RECEIVED FROM THE CLIMATE CHANGE ADAPTATION AND MITIGATION FUND IN ACCORDANCE WITH § 2–1704 OF THE ENVIRONMENT ARTICLE.

(I–2) MONEY RECEIVED FROM THE CLIMATE CHANGE ADAPTATION AND MITIGATION FUND IN ACCORDANCE WITH § 2–1704 OF THE ENVIRONMENT ARTICLE SHALL BE ACCOUNTED FOR SEPARATELY WITHIN THE FUND AND MAY BE USED FOR:

(1) ENERGY EFFICIENCY PROGRAMS BENEFITING LOW–INCOME AND MODERATE–INCOME HOUSEHOLDS; AND

(2) OTHER CLEAN ENERGY INVESTMENTS.

Article – Transportation

7–1202.

(a) There is a Transit–Oriented Development Capital Grant and Revolving Loan Fund.

7–1203.

(a) The purpose of the Fund is to promote the equitable and inclusive development of transit–oriented developments throughout the State.

(c) (1) The Fund consists of:

(i) Money appropriated in the State budget to the Fund;

(ii) Money made available for qualifying uses by the Fund from other governmental sources, including eligible federal funding and the Transportation Trust Fund;

(iii) **MONEY RECEIVED FROM THE CLIMATE CHANGE ADAPTATION AND MITIGATION FUND IN ACCORDANCE WITH § 2-1704 OF THE ENVIRONMENT ARTICLE;**

(IV) Ground rents or land sale proceeds in accordance with § 10-306(c)(2) of the State Finance and Procurement Article;

[(iv)] (V) Payments of principal of and interest on loans made under this title;

[(v)] (VI) Investment earnings of the Fund; and

[(vi)] (VII) Any other money from any other source, public or private, accepted for the benefit of the Fund.

(2) Contributions to the Fund under paragraph [(1)(iii)] **(1)(IV)** of this subsection shall:

(i) Be separately accounted for in the Fund; and

(ii) Be used only for the benefit of transit-oriented developments in the same county where the real property subject to the ground rent or land sale is located.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2024.