HB 128

Department of Legislative Services

Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 128 (Delegate Fraser-Hidalgo)

Economic Matters and Environment and Transportation | Education, Energy, and the Environment and Finance

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Climate Change Adaptation and Mitigation - Total Assessed Cost of Greenhouse Gas Emissions - Study and Reports

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This bill requires the Comptroller, in coordination with the Department of Commerce and the Maryland Department of the Environment (MDE), to conduct a study to assess the total cost of greenhouse gas (GHG) emissions in the State. The Comptroller may hire a consultant to conduct the study. By December 1, 2026, the Comptroller, Commerce, and MDE must report to specified committees of the General Assembly on the total assessed cost of GHG emissions in the State based on the findings of the study. The bill establishes requirements for the content of the report. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: The FY 2026 budget as passed by the General Assembly includes $500,000 in special funds from the Strategic Energy Investment Fund (SEIF) for the Comptroller to fund the required study, contingent upon the enactment of this bill or its cross file. Thus, special fund expenditures for the Comptroller increase by $500,000 in FY 2026 only. General fund expenditures also increase by at least $100,000 in FY 2026 only, as discussed below.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	$0	$0	$0	$0	$0
GF Expenditure	100,000	0	0	0	0
SF Expenditure	500,000	0	0	0	0
Net Effect	($600,000)	$0	$0	$0	$0

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

Local Effect: Local government finances and operations are not affected.

Small Business Effect: Minimal or none.

Analysis

Bill Summary: The report must include (1) a summary of the various cost-driving effects of covered GHG emissions on the State, as specified; (2) a categorized calculation of the costs that have been incurred and costs that are projected to be incurred by the State and its residents for each such cost-driving effect; (3) a categorized calculation of the costs that have been incurred and costs that are projected to be incurred by the State and its residents for related adaptation efforts, as specified; and (4) an economic analysis to determine if there would be a cost passed on to taxpayers if each fossil fuel company that has a sufficient nexus to the State and that emitted more than 1.0 billion tons of GHG emissions globally between 1995 and 2024 were required to compensate the State for climate change.

Current Law:

The Maryland Department of the Environment's Climate Change Program

MDE's Climate Change Program leads the State's efforts to reduce GHG emissions, as required by the Greenhouse Gas Emissions Reduction Act and participation and oversight in other initiatives, including the Regional Greenhouse Gas Initiative (RGGI) and the U.S. Climate Alliance. The program also ensures State compliance with climate-related State and federal laws, such as the Climate Solutions Now Act (Chapter 38 of 2022), discussed below.

The U.S. Climate Alliance is a bipartisan coalition of governors, including the Governor of Maryland, committed to reducing GHG emissions consistent with the goals of the Paris Agreement. These goals include reducing collective net GHG emissions by at least 26% to 28% by 2025 and by 50% to 52% by 2030 (both below 2005 levels) and collectively achieving overall net-zero GHG emissions as soon as practicable, but no later than 2050.

Maryland also participates in the multi-state RGGI in order to reduce carbon dioxide (CO_2) emissions from the power sector. Each participating state limits CO_2 emissions from electric power plants, issues CO_2 allowances, and establishes participation in CO_2 allowance auctions. A single CO_2 allowance represents a limited authorization to emit one ton of CO_2.

Chapters 127 and 128 of 2008 created the Maryland Strategic Energy Investment Program and the implementing SEIF to decrease energy demand and increase energy supply to promote affordable, reliable, and clean energy. SEIF is primarily funded through the proceeds from the auction of carbon allowances under RGGI.

Maryland Greenhouse Gas Emissions Reduction Targets and the Climate Solutions Now Act

The Climate Solutions Now Act made broad changes to the State's approach to reducing statewide 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 by 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.

In December 2023, MDE published Maryland's Climate Pollution Reduction Plan, which was developed to implement Chapter 38.

Strategic Energy Investment Fund

SEIF, which is administered by the Maryland Energy Administration (MEA), is generally funded through the proceeds from the auction of carbon allowances under RGGI; SEIF also receives alternative compliance payments generated under Maryland's renewable energy portfolio standard and will receive a portion of corporate income tax revenues from qualified data centers that are operational on or after January 1, 2026.

Among other specified uses, MEA must use SEIF to invest in the promotion, development, and implementation of (1) cost-effective energy efficiency and conservation programs, projects or activities; (2) renewable and clean energy resources; (3) climate change programs directly related to reducing or mitigating the effects of climate change; and (4) demand response programs that are designed to promote changes in electric usage by customers, as specified. SEIF must also be used to provide targeted programs, projects, activities, and investments to reduce electricity consumption by customers in low-income and moderate-income residential sectors.

State Expenditures: The fiscal 2026 budget includes $500,000 in special funds from the renewable and clean energy subaccount of SEIF for the Comptroller to fund the study required by the bill, including the costs related to a consultant, contingent on the enactment of this bill or its cross file. Thus, special fund expenditures for the Comptroller increase by $500,000 in fiscal 2026 only.

Because the costs for the Comptroller to hire a consultant to conduct the required study are estimated to be at least $600,000, general fund expenditures also increase by at least $100,000 in fiscal 2026. The estimated costs to conduct the study are based on information provided by the Comptroller's Office as well as the estimated costs for the Vermont Treasurer's Office to develop a similar report.

MDE and Commerce can coordinate with the Comptroller as required by the bill using existing budgeted resources.

Additional Information

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

Designated Cross File: SB 149 (Senator Hester) - Education, Energy, and the Environment and Finance.

Information Source(s): Department of Commerce; Baltimore City; Calvert, Howard, and Prince George's counties; Maryland Association of Counties; Maryland Department of Emergency Management; City of Annapolis; Maryland Municipal League; Comptroller's Office; Maryland State Treasurer's Office; Judiciary (Administrative Office of the Courts); Maryland State Department of Education; Department of Budget and Management; Maryland Department of the Environment; Maryland Department of Health; Department of Housing and Community Development; Department of Natural Resources; Maryland Department of Transportation; Office of Administrative Hearings; Maryland Energy Administration; Public Service Commission; Anne Arundel County Public Schools; Office of the Attorney General; Vermont Agency of Natural Resources; Department of Legislative Services

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