

SENATE BILL 590

M5

6lr1972
CF 6lr2397

By: Senator Kramer

Introduced and read first time: February 5, 2026

Assigned to: Education, Energy, and the Environment

A BILL ENTITLED

1 AN ACT concerning

2 **Study on Greenhouse Gas Emissions Economy–Wide Cap–and–Invest Program**
3 **(Maryland Climate Crisis Equity Act)**

4 FOR the purpose of requiring the Department of the Environment, in collaboration with
5 the Maryland Commission on Climate Change, the Department of Transportation,
6 and the Maryland Energy Administration, and in coordination with the Commission
7 on Environmental Justice and Sustainable Communities and other certain entities
8 and persons, to complete a study and develop a report evaluating the potential design
9 and implications of implementing an economy–wide cap–and–invest program that
10 will help the State achieve certain greenhouse gas emissions reductions and provide
11 a sustainable funding source for climate–related initiatives; and generally relating
12 to a study on greenhouse gas emissions economy–wide cap–and–invest programs.

13 **Preamble**

14 WHEREAS, Greenhouse gases are air pollutants that endanger public health,
15 welfare, and the prosperity of the people of Maryland; and

16 WHEREAS, Maryland law requires the State to achieve net–zero greenhouse gas
17 emissions by 2045; and

18 WHEREAS, The Department of the Environment’s December 2023 Maryland’s
19 Climate Pollution Reduction Plan identified an economy–wide cap–and–invest program as
20 a critical strategy to close the State’s greenhouse gas emissions gap and provide a
21 sustainable revenue source for State–funded investments; and

22 WHEREAS, In 2024, the Maryland Commission on Climate Change recommended
23 that the General Assembly authorize a study to evaluate the design of the economy–wide
24 cap–and–invest program identified in Maryland’s Climate Pollution Reduction Plan; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHEREAS, Other North American jurisdictions, including California, Quebec, and
2 Washington, have successfully implemented cap-and-invest programs to reduce
3 greenhouse gas emissions and support climate investments; and

4 WHEREAS, Maryland has extensive experience with cap-and-invest programs
5 through its longstanding participation in the Regional Greenhouse Gas Initiative, which
6 has generated more than \$1.6 billion since 2008 for investments in utility bill assistance,
7 energy efficiency, clean energy, clean transportation, and other public needs; now,
8 therefore,

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
10 That:

20 (i) places the State on a pathway to achieve its greenhouse gas
21 emissions reduction targets under § 2-1204.2 of the Environment Article; and

(ii) provides a sustainable funding source for climate-related initiatives.

24 (2) The Department shall engage with stakeholders during the study,
25 including soliciting input and feedback on:

26 (i) program design;

27 (ii) revenue use;

28 (iii) equity considerations; and

29 (iv) other components of a program.

30 (c) The study shall:

31 (1) evaluate, at a minimum, program design elements regarding:

1 (i) covered sectors and entities, including evaluating and
2 considering:

(ii) the use of facility-specific limits or other mechanisms to limit greenhouse gas emissions from facilities located in or near overburdened communities;

16 (iii) the treatment of emissions-intensive, trade-exposed industries,
17 including identifying methods to protect against competitiveness impacts while accounting
18 for facility proximity to overburdened communities;

(iv) the distribution of allowances, including potential no-cost allowance allocations to gas and electric utilities to mitigate the cost to customers;

(v) auction design, including mechanisms enabling allowance auctions to respond automatically to changes in market price and demand;

23 (vi) the use of offset credits, including whether to allow offsets for a
24 portion of compliance and evaluating the assumption that annual allowance budgets would
25 be reduced to account for the offsets; and

(vii) any other design elements the Department or any other entity identified in subsection (b)(1) of this section considers necessary to ensure an effective, equitable, and efficient program;

29 (2) consider:

30 (i) the potential uses of revenue generated through a program,
31 including:

32 1. providing rebates, weatherization services, and other
33 measures to reduce energy costs and protect low- and moderate-income households;

2. expanding clean energy and energy efficiency programs;

3. investing in cleaner, more equitable, and more efficient

3 transportation systems;

4. investing in technologies and programs that remove

5 carbon from the atmosphere;

5. enhancing the climate resiliency of waters, forests, and

7 vital ecosystems;

6. investing in the State's economy and communities to make
mitigate impacts and extreme weather;

7. workforce development in clean energy and

11 climate-related fields; and

8. other investments to promote a rapid, effective, and decarbonized economy;

the implications of some or all of the revenue generated through
rily diverted to other non-climate-related expenditures; and

the implications of linking a Maryland program with similar American jurisdictions, including considering:

1. design elements necessary to facilitate the linkage; and

2. the efficacy of linking the program compared with the program; and

the modeling and an analysis of:

(i) the potential impacts of a program on:

1. achieving the State's greenhouse gas emissions reduction

2. energy affordability for consumers; and

3 the State's economy and economic competitiveness:

remedial measures, if needed, to address potential adverse

strategies to ensure that low-income households do not incur costs resulting from a program; and

(iv) the potential impact of existing and anticipated changes to federal funding and regulatory programs.

3 (d) The Department may contract with a consultant with expertise in economics
4 and environmental policy to conduct all or part of the study.

5 (e) (1) Funding for the study shall be provided from the Maryland Strategic
6 Energy Investment Fund under § 9–20B–05 of the State Government Article.

10 (f) On or before December 31, 2027, the Department shall submit the report
11 required under this section to the General Assembly, in accordance with § 2-1257 of the
12 State Government Article.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
14 1, 2026.