



Maryland

Department of the Environment

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor

Ben Grumbles, Secretary
Horacio Tablada, Deputy Secretary

March 05, 2020

The Honorable Kumar P. Barve, Chair
Environment and Transportation Committee
House Office Building, Room 251
Annapolis, Maryland 21401

Re: House Bill 1526- Transportation Carbon Reduction Fund – Establishment (Transportation Carbon Fund Act)

Dear Chairman Barve and Members of the Committee:

The Maryland Department of the Environment (MDE or the Department) has reviewed *House Bill 1526- Transportation Carbon Reduction Fund – Establishment (Transportation Carbon Fund Act)* and would like to provide some information on this bill.

The bill modifies various sections of the State Finance and Procurement Article and establishes the Transportation Carbon Reduction Fund (the Fund), administered by the Maryland Department of Transportation (MDOT). The purpose of the Fund is to retain any revenue that Maryland receives from its participation in the Transportation and Climate Initiative (TCI). The Fund may be used only to finance projects and programs related to the State's participation in TCI. HB 1526 explicitly prohibits funds raised through TCI from being used for administrative expenses.

MDE would like to provide information on the current status of the TCI process. In December of 2019, the jurisdictions that make up TCI completed a draft Memorandum of Understanding (MOU) for a regional program to establish a cap on greenhouse gas emissions from transportation fuels. The public comment period closed at the end of February 2020 and the public input is now being reviewed. TCI jurisdictions will now revise the MOU and propose a final one later this year. Therefore, this bill is setting up the Fund and parameters before the final initiative has been established.

While MDE is not listed in the bill, if Maryland raises funds through TCI then MDE would be required to develop and enforce a greenhouse gas emissions cap regulatory program for emissions from the combustion of transportation fuels in Maryland. MDE anticipates that it would need to hire additional staff to administer the regulatory program. If MDE's TCI-programmatic activities would, under HB 1526, be considered administrative expenses, and therefore not an eligible use of the Fund, it would cause MDE to seek other funding sources to administer the regulatory program that raises the funds in question.

Thank you for your consideration. We will continue to monitor *House Bill 1526- Transportation Carbon Reduction Fund – Establishment (Transportation Carbon Fund Act)* during the Committee's deliberations, and I am available to answer any questions you may have. Please feel free to contact me at 410-260-6301 or by e-mail at tyler.abbott@maryland.gov.

Sincerely,

Tyler Abbott

cc: The Honorable Marc Korman
George "Tad" Aburn, Director, Air and Radiation Administration