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Appropriations Committee

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Capital Budget

Chair, Transportation and the
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Oversight Committee on Personnel



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THE MARYLAND HOUSE OF DELEGATES
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Transportation Carbon Fund Act
HB 1526

Thank you Mr. Chair, Mr. Vice Chair, Members of the Environment & Transportation Committee and my visiting colleagues from the Appropriations Committee. I come before you today to discuss the Transportation Carbon Fund Act, HB 1526.

As you may be aware, the Hogan Administration is currently negotiating a regional agreement called the Transportation & Climate Initiative or TCI. Maryland is at the table along with 11 other states and the District of Columbia in shaping this new program to limit the amount of greenhouse gas emissions that emit from the transportation sector, the largest emitter of greenhouse gases in Maryland. In December, a draft Memorandum of Understanding was released to the public for feedback and you can review it here:

https://www.transportationandclimate.org/sites/default/files/FINAL%20TCI_draft-MOU_20191217.pdf In short hand, TCI is similar to the Regional Greenhouse Gas Initiative (RGGI) program that exists for power plants, but for cars.

The legislation before you takes no position on TCI and whether Maryland should participate. Governor Hogan and Secretary Grumbles are currently negotiating that issue with our regional partners. The bill before you addresses what happens if we do participate in the program and obtain revenue as a result of any ensuing auctions for emissions allowances that occur. Just as we have created the Strategic Energy Investment Fund (SEIF) for RGGI; the Cigarette Restitution Fund for tobacco settlements; and the Opioid Restitution Fund for potential opioid settlement dollars, we must create a similar fund for the possibility of TCI revenue.

The Transportation Carbon Fund Act does two things.

1. It creates a separate Transportation Carbon Fund for any revenue generated by the program; and
2. It establishes the Transportation and Climate Initiative Workgroup made up of two Senators and two Delegates to work with stakeholders to make recommendations for the use of any funds consistent with the goals of TCI.

Because I know this is the question on all of your minds, I will note that the potential revenue to Maryland is uncertain. The TCI states are currently modeling what level of emissions reduction to seek. Some preliminary figures I have seen show that this could potentially yield \$500m in annual revenue, but it could also be far less depending on the emissions reduction goal.

Thank you for your consideration of this legislation and I request a favorable vote.