



CHESAPEAKE BAY FOUNDATION

Environmental Protection and Restoration
Environmental Education

House Bill 1272

Department of the Environment – Cap-and-Invest Program – Establishment

Date: March 7, 2024

To: House Economic Matters Committee

House Environment & Transportation Committee

Position: **Favorable**

From: Gussie Maguire

MD Staff Scientist

Chesapeake Bay Foundation (CBF) **SUPPORTS** HB 1272 which directs the Department of the Environment (MDE) to develop an economy-wide cap-and-invest program to reduce climate pollution, address energy affordability, and work to correct environmental injustices. The program would include providing a pathway for participation in multistate or regional cap-and-invest programs.

Maryland's ambitious climate goals, culminating in net-zero greenhouse gas emissions by 2045, cannot be fully met under current policy and funding strategies—meaning that Marylanders will be forced to reckon with more extreme consequences of rising temperatures and sea level. By creating a cap-and-invest program, however, the state will be able to require polluters to stay below a declining cap level. Payment for pollution allowances will fund additional programs discussed in MDE's Climate Pollution Reduction Plan, including programs to protect Maryland's underserved and overburdened communities. Addressing energy affordability through this bill will help ensure that the cost of reducing greenhouse gas emissions will be paid by polluters, not by Maryland residents.

Maryland already participates in the Regional Greenhouse Gas Initiative, a cap-and-invest program that targets the electricity sector. An economy-wide program would provide greater mitigation of climate pollution, protecting the health of people and the environment. It would also create a larger pool of funds to be invested back into the communities most impacted by air emissions and climate change, helping right longstanding injustices.

Cap-and-invest programs have been successfully instituted by other states: in Washington, funds raised at pollution allowance auctions in 2023 totaled \$1.8 billion, and were reinvested across the state in a portfolio of transportation, transit, clean energy, air quality, and health improvement projects¹. Washington's Department of Ecology has also studied linking their program to regional programs, with promising results for both environmental impact and cost-effectiveness². Maryland has the opportunity to follow this model of success.

CBF urges the Committee's FAVORABLE report on HB 1272.

For more information, please contact Matt Stegman, Maryland Staff Attorney, at mstegman@cbf.org.

¹ <https://ecology.wa.gov/air-climate/climate-commitment-act/auction-proceeds>

² <https://ecology.wa.gov/blog/july-2022/independent-studies-show-new-climate-change-initia>

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