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**Committees: Economic Matters and Environment and Transportation**  
**Testimony on: HB 1272 “Department of the Environment - Cap-and-Invest Program – Establishment”**

**Position: Support**

**Hearing Date: March 7, 2024 (Economic Matters)**

The Maryland Chapter of the Sierra Club supports HB 1272, the Cap-and-Invest Program (CIP) Establishment. This bill directs the Maryland Department of the Environment (MDE) to develop a program that lowers Maryland’s greenhouse gas emissions by setting a cap on emissions, pricing or auctioning off the right to emissions, and devoting the income from the auctions to investments that will further lower emissions in an equitable manner.

Maryland has set ambitious climate goals and achieving those goals will require significant revenue to fund important programs like building electrification, EV charging systems, and public transit. Maryland’s climate goals, as established through the Climate Solutions Now Act, created a legislative mandate for a 60% reduction in greenhouse gas emissions by 2031 and net zero greenhouse gas emissions by 2045. Maryland’s Climate Pollution Reduction Plan, released December 2023, “calls for at least \$1 billion annually in new state spending for investments.”<sup>1</sup>

The Sierra Club believes that a cap-and invest-mechanism can be an effective tool in the State’s overarching climate strategy when it is integrated with environmental and economic justice principles. Maryland has established important aspects of its energy policy, and CIP would support implementation by bringing much needed revenue. HB 1272 calls for investing in programs that will meaningfully lower energy use, lower energy prices, and promote a just transition. Other states, including Washington and California, have implemented cap-and-invest programs. RGGI, a successful program which Maryland joined in 2007, is a cap-and-invest program for electricity, which currently generates a minority of our greenhouse gases.

CIP offers a process for defining how to generate and apply the needed resources. Because the effective design of the CIP will be complex, involving a number of environmental, economic, financial, and equity policies, having MDE lead a design process is appropriate. Ongoing engagement of stakeholders before and during the MDE study and subsequent implementation will be essential to mitigate unintended consequences, minimize cost impacts on low-income communities, and ensure benefits of the program return to impacted communities.

The CIP represents an important opportunity for the State to achieve its climate goals, through contributing to greenhouse gas emission reductions, generating needed revenue, and righting historical injustices. The Maryland Chapter of the Sierra Club urges a favorable report.

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<sup>1</sup> MDE, Maryland’s Climate Pollution Reduction Plan. 2023, p. 77.