



Maryland Motor Truck Association

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HEARING DATE: March 7, 2024

BILL NO/TITLE: House Bill 1272: Department of the Environment - Cap-and-Invest Program - Establishment

COMMITTEE: Economic Matters / Environment & Transportation

POSITION: **Oppose**

Maryland Motor Truck Association (MMTA) appreciates the intent of House Bill 1272 to lower greenhouse gas emissions across all economic sectors; however, we are concerned that the adoption of this legislation will have a crippling effect on the state's economy, costing billions of dollars, with a huge financial impact on all businesses and no guarantee that it will have any meaningful impact on GHG reductions.

Trucking is a non-discretionary user of the highways, delivering 88% of the manufactured goods in the state. Over 93% of Maryland communities have no way other than by truck to get the food, clothing, medical supplies, and other goods that they need. While efforts continue to transition the trucking industry to a zero-emission future, today ZEV trucks are not widely available and do not yet offer a feasible alternative for most of the trucking industry's operations – particularly in the heavy-duty long-haul sector. For the near future, diesel will remain the dominant fuel to deliver the goods citizens need because it has the higher energy content necessary to transport widely diversified loads for long distances under extreme operating conditions.

Establishing a cap on emissions will increase the cost of diesel fuel. The California Air Resources Board estimates that its cap-and-trade program adds about 27 cents to each gallon of fuel sold in the state. Washington state's cap and trade program is estimated to have driven costs up between 25 and 45 cents per gallon. To offer some context, a 30-cents increase in fuel prices costs a single truck owner an extra \$5,000 per year.

Also according to CARB, it is unclear how effective programs like this are at reducing emissions. CARB states:

"The complex interactions between cap-and-trade and other state climate change efforts—as well as the many technological and economic factors that affect emissions in California—make it difficult to quantify the level of emissions reductions attributable to the program alone. To our knowledge, no studies have produced a reliable estimate of the emission reductions achieved by the cap-and-trade program so far. While the cap-and-trade program likely also has made some progress in spurring market-based climate policies outside of California, data are similarly unavailable to quantify the extent of this influence."

Lastly, MMTA is concerned that HB1272 provides no guidance as to where money generated under the new cap and invest program be spent. While it is assumed that the intent is for it to go to incentives that further reduce greenhouse gas emissions, that is not stated specifically in the legislation.

For the reasons noted above, Maryland Motor Truck Association asks for an unfavorable report.

About Maryland Motor Truck Association: Maryland Motor Truck Association is a non-profit trade association representing the trucking industry since 1935. In service to its 1,000 members, MMTA is committed to support, advocate and educate for a safe, efficient and profitable trucking industry in Maryland.

For further information, contact: Louis Campion, (c) 443-623-4223