



LEGISLATIVE POSITION:

Unfavorable

House Bill 1438 - Responding to Emergency Needs From Extreme Weather (RENEW) Act of 2024

House Economic Matters Committee

Thursday, March 7, 2024

Dear Chairman Wilson and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

HB 1438 establishes the Climate Change Adaptation and Mitigation Program (the Program) in the Department of the Environment, which would serve to secure payments from businesses that derive revenue from fossil fuels or petroleum products. The Program would be used to fund climate change mitigation infrastructure projects, address health impacts of climate change, and impose and collect cost recovery payments on responsible parties. The bill also outlines the total liability will be proportionately divided by “responsible parties.”

The Maryland Chamber has serious concerns over the strict liability outlined in this legislation, among many other factors. HB 1438 is retroactive and will apply to businesses engaged in the trade or business of extracting fossil fuel or refining crude oil beginning Jan. 1, 2000. Reaching back 24 years is extremely harsh and excessive, along with imposing potential liability of up to \$9 billion on prior activities that were legal. Additionally, businesses should not be held liable because fossil fuels they extracted or refined were placed into the marketplace and used by a third party. The Chamber would urge the committee to consider removing the strict liability and apply this legislation only prospectively to ensure the affected business community has proper notice.

Further, the Chamber is concerned that domestic companies will take on greater costs as companies not completely connected to the state, like foreign entities, may argue that they have insufficient connections to Maryland and do not satisfy the nexus requirement of the U.S. Constitution, as outlined in the legislation.

This legislation concludes that one segment of the economy should bear these large and excessive costs. Singling out the refining industry, placing a sizeable financial burden on them, and even specific companies for other’s use of fossil fuels is inappropriate and tremendously

unfair. The Maryland Chamber of Commerce urges the committee to not consider passing legislation that retroactively imposes costs and liability during a period when the target companies' actions were lawful.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report on HB 1438.**

