Testimony in Support The Responding to Emergency Needs from Extreme Weather (RENEW) Act
SB0149
Education, Energy, Environment Committee
2/13/25

On behalf of the organizations listed above, we urge a favorable report on SB0149

Heavier rains, higher tides, and record heat are damaging lives and infrastructure across Maryland today. The Responding to Emergency Needs from Extreme Weather (RENEW) Act will make the necessary investments to prepare for and recover from worsening extreme weather events. Right now, taxpayers across Maryland are paying for the cost of climate change, which are adding up and contributing to the state's projected budget shortfall. The RENEW Act will bring new revenue into the state without making a single Marylander pay an additional cent, by charging large, out of state fossil fuel companies a one time penalty for their historical emissions.

40 years ago, 9 inches of rain was a once in a hundred year rain event. Today, 9 inches of rain is a once in 10 year rain event, and few of the storm water management systems across the state are equipped to handle this increased precipitation. Upgrading these systems to handle heavier rain events is coming at a staggering cost. Howard County is spending $228 million to bore an 18 foot diameter drainage tunnel through granite bedrock to reduce flooding in downtown Ellicott City. This is the biggest capital expenditure project in the history of the county, and was prompted by two once-in-a-thousand-year rain events that pummeled the city within the span of two years. The small businesses in Ellicott City had only just rebuilt after the first storm when the second hit. Not every storefront was able to bounce back a second time. The same story is playing out all across the state as water management systems are regularly overwhelmed by record-breaking rainfall.

Even as Maryland experiences record rainfall from the skies, the state is also experiencing record high tides, even on sunny days. The Annapolis dock now floods 50-60 days a year. In the 1970s it would flood, at most, four days a year.[1] As a result, Annapolis is spending over $50 million to make improvements to the dock. All along Maryland's 3,000 miles of tidal shoreline, farmers are losing land to sea level rise. Betty Schulz has lived in Crisfield for 35 years. She used to lease part of her property to be farmed, but rising water levels have caused so much salt to enter the field that now nothing will grow there. Her story is far from unique, as rising seas are causing farmers to lose valuable arable land, without any compensation.

The hotter temperatures caused by climate change also come with costs. Since 1970, the number of days that are 90 degrees or higher have roughly doubled in Maryland.[2] As a result, public buildings that never previously needed air conditioning are finding themselves unable to operate for parts of the year. In June and September of 2023 public schools in Maryland closed for heat days because the AC systems in the schools could not handle the heat waves the state was experiencing. Ensuring every public school in Maryland has an adequate AC system will cost Maryland over $700 million.[3] Installing air conditioning in public prisons, where temperatures can reach a dangerous 110 degrees[4], will cost even more.

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[1] https://www.bayjournal.com/news/climate_change/can-makeover-save-annapolis-city-dock-from-sea-level-rise/article_5b14ee3c-d827-11eb-ac82-4772366f7e6a.html

[2] https://www.nytimes.com/interactive/2018/08/30/climate/how-much-hotter-is-your-hometown.html

[3] https://coolingcrisis.org/states/maryland

[4] https://www.baltimoresun.com/2005/07/27/many-state-inmates-improvise-to-stay-cool/

To protect the people and places that Marylanders hold dear, the state must make necessary infrastructure investments to adapt to these new extremes. These investments will make Maryland a cleaner, more resilient, and more affordable place to live. They will create jobs and help prevent disasters from ruining homes and workspaces. The RENEW Act will provide the funds to make these necessary investments. It would raise billions of dollars over 10 years and provide the dollars the state needs to build new drainage systems, upgrade HVACs in public buildings, recover when disaster strikes, and much more. The funds would go to the comprehensive flood management program, the zero-emission school bus transition fund, the State Disaster Recovery Fund, the Strategic Energy Investment Fund, the Office of Minority Health and Health Disparities, shoreline protection projects, the Resilient Maryland Revolving Loan Fund, the Whole Home Program, and other programs that are already doing the work of preparing Maryland for more extreme weather.

40% of all the investments made by the Climate Change Adaptation and Mitigation Fund are required to go to overburdened, underserved communities, as defined by the Maryland Environmental Justice Screening Too. The combustion of fossil fuels is causing climate change, and the same communities who have benefited the least from, and have been harmed the most by, fossil fuels are now being hit first and worst by the impacts of climate change. The same companies that caused the climate crisis have sited fossil fuel infrastructure and other polluting facilities disproportionately in communities of color. As a result, today people of color are exposed to higher levels of air pollution than white communities.[5] Despite bearing a disproportionate burden, those same communities are too often passed over when it comes to distributing state investments. The RENEW Act's commitment to investing 40% of revenues into overburdened underserved communities is a step toward undoing those historical and ongoing harms.

All of these investments would be made without making any Marylanders pay for the costs. The bill says that any company that has emitted more than 1 billion tons of Carbon Dioxide equivalent between 2000 and 2020 must pay into a new Climate Change Adaptation and Mitigation Fund. There are about 40 companies that will be affected by this policy. None of them are based in Maryland, and all of them do business in Maryland.

Senator Van Hollen first introduced this in Congress, and it was almost included in the Build Back Better Act. When it didn't pass nationally, states picked it up. Last year, similar legislation was introduced in Vermont, Massachusetts, and New York. It even passed the Senate in New York.

Here is a list of some of the companies that will be affected: Saudi Aramco, ExxonMobil, Royal Dutch Shell, Petroleos Mexicanos (Pemex), BP, Peabody Energy, Chevron, Petroleos de Venezuela (PDVSA), TotalEnergies, ConocoPhillips, Petronas, Glencore, Equinor, Contura Energy / ANR, ENI, Arch Coal, Rio Tinto, Anglo American, Occidental, Sinopec, Repsol, Libya National Oil Corp., Oil & Gas Corp., CNOOC (China National Offshore Oil Co.), RWE, CONSOL Energy, Sasol, Suncor, Devon Energy, EnCana/Onvitiv, Ecopetrol, Apache, Murray Coal, Cloud

[5] https://www.nytimes.com/2021/04/28/climate/air-pollution-minorities.html

Peak Energy, Alliance, Chesapeake Energy, Marathon, EOG Resources, Westmoreland, Hess, HeidelbergCement, Teck Resources.

Collectively, these companies will be required to pay Maryland millions a year for ten years. The exact amount will be determined by the cost impacts study. However, The percentage of that total that each company pays is proportional to the emissions from that company over the covered time period. This penalty will likely cost these companies roughly one fifth of one percent of their annual profits.

Market pressures and competition will ensure that these companies will not be able to pass this cost along to consumers. There are other oil and gas companies who are not subject to this one time penalty who will still be competing in the marketplace. Companies who will not be subject to this penalty include Wintershall, Inpex, YPF, Husky, Bahrain Petroleum Corp., OMV Group, Syrian Petroleum, PTTEP, Noble Energy, Woodside, Vistra, Polish Oil & Gas Co., and Southwestern.

If the companies who pay this penalty try to include this cost in the cost of their product, then they will make themselves uncompetitive with the many companies who are not paying this one time penalty. There are over 1,000 companies who are licensed to transport oil into the state of Maryland, and they will buy from whichever producer offers the lowest cost option. Through this market competition, the companies paying the penalty will not be able to pass the cost on to Maryland consumers.

To survive climate change, Maryland needs new revenue. The RENEW Act can provide these necessary funds without making Marylanders bear the financial burden. Maryland should waste no time in passing the RENEW Act and collecting funds from out of state energy companies and investing those funds in building a better Maryland.