



House Bill 1088

Date: March 11, 2025

Committee: Environment and Transportation

Position: Unfavorable

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 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.

House Bill 1088 (HB 1088) would impose a coal transportation fee on a person or entity transporting coal into Maryland. The rate of the fee is equal to \$13 per short ton of coal transported into the state. The revenue generated from this fee would be allocated to a newly established Fossil Fuel Mitigation Fund.

The Chamber advocates for a diversified energy approach that considers the affordability and equitable energy needs of all Marylanders. While we recognize the intent to fund climate initiatives, HB 1088 imposes a significant tax burden on Maryland businesses relying on coal for essential daily operations. This new tax would lead to increased operating costs for businesses involved in transporting coal, which ultimately will be passed down to consumers, leading to higher prices. HB 1088 also places an undue burden on the Port of Baltimore, a major economic driver for the state, and jeopardizes the reliability of our energy options at a critical time.

The Port of Baltimore is a key hub for U.S coal exports, handling 28% of the nation's coal exports in 2023. However, coal also frequently enters the Port, particularly for use at the Brandon Shores and Wagner power plants, which rely on imported coal for electricity generation. HB 1088 would directly impact the cost of coal imports, making it more expensive to supply these critical power facilities. Additionally, both plants are currently operating under a Reliability Must Run agreement, underscoring their essential role in maintaining grid stability in the Baltimore Region. With Maryland facing the threat of rolling blackouts until sufficient transmission upgrades are made to compensate for our increasing power generation, now is not the time to impose new costs on reliable and critical energy sources.

At a time when Maryland faces growing energy challenges, discouraging reliable energy sources in Maryland is counterproductive and risks increasing energy costs for businesses and consumers alike. Rather than imposing a punitive tax that disincentivizes essential energy resources, we urge the legislature to explore alternative approaches that balance environmental goals with economic realities and energy security considerations.

While this new tax aims to disincentivize the use of coal, which serves as a reliable and affordable energy option for Maryland businesses, there are many concerns about the effectiveness of such measures in achieving environmental goals. Additionally, the tax may disproportionately affect industries that rely on energy produced from coal without providing viable alternatives or sufficient support for transitioning.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on HB 1088.

