

Tuesday, March 11, 2025

TO: Marc Korman, Chair of the House Environment and Transportation Committee; C. T. Wilson, Chair of the House Economic Matters Committee; and Committee Members

FROM: Humna Sharif, The Nature Conservancy, Climate Adaptation Manager; Michelle Dietz, The Nature Conservancy, Director of Government Relations

POSITION: Support HB 1088 Coal Transportation Fee and Fossil Fuel Mitigation Fund (Coal Dust Cleanup and Asthma Remediation Act)

The Nature Conservancy (TNC) supports HB 1088, offered by Delegate Stein. TNC is a global conservation organization working to conserve the lands and waters on which all life depends. In Maryland, our work focuses on delivering science-based, on-the-ground solutions that secure clean water and healthy living environments for our communities, reducing greenhouse gas emissions, and increasing resilience in the face of a changing climate.

HB 1088 represents an essential step in strengthening Maryland's approach to reducing climate pollution in the state. This legislation would impose a small fee on the transportation of coal in Maryland. The \$13 per ton fee levied against the coal carriers would generate an estimated \$250 million in revenue for Maryland. These funds would be deposited into a newly created "Fossil Fuel Mitigation Fund" that can be used for a suite of permitted activities, including improving home efficiency, investing in public transportation, and switching to clean energy solutions. Furthermore, forty percent of the newly generated funding would go towards activities and programs that address the negative impacts of climate change in overburdened and underserved communities in the state. HB 1088's approach will address the disproportionate environmental and public health harms that overburdened communities in Maryland face from pollution-generating activities or facilities sited in their neighborhoods, thus improving public health outcomes for the state. Finally, HB 1088 has exceptions for coal transported for agricultural uses neutralizing any impacts on our state's farmers. This bill has a balanced and well thought out approach to climate mitigation that will bring benefits to Maryland residents across the state.

In 2022 with the passage of the Climate Solutions Now Act (CSNA), Maryland set some of the most ambitious goals in the country to achieve carbon neutrality and reduce climate pollution. Following this, in 2023, the Climate Pollution Reduction Plan (climate plan) was released and is the framework that charts a path for Maryland to achieve the goals of CSNA. Within the climate plan, the cost to implement appropriate climate mitigation and resilience strategies was calculated to be about \$1 billion annually. One of the revenue generation recommendations within the state's climate plan is to levy fees on fossil fuel carriers in the state – a Hazardous Substance Fee that would be paid into a Strategic Energy Investment Fund. This legislation would create the necessary enabling mechanism to implement the recommendations of the climate plan and passage of this legislation avoids direct impacts to Maryland taxpayers.

Researchers at the University of Maryland Center for Environmental Science have recently completed a study demonstrating that the fee structure proposed within HB 1088 is modest enough that the additional cost to coal companies would be less than half of what it would cost to re-route shipments to the next business port in Virginia. The vast majority of coal exported from the Port of Baltimore is produced in Northern Appalachian mines. **The study found that diverting coal exports to avoid the fee would cost more than double the proposed fee, at an average of \$27.41 per ton.** This comes to a median increased cost per mine of about \$1.0 million. We recognize that the Port of Baltimore is a key hub for economic activity in the state, and HB 1088 would not threaten the vibrancy of this export terminal. This new study has been submitted for the committee's consideration by the League of Conservation Voters.

TNC urges the committee to support this legislation as it aligns with Maryland's commitment to climate mitigation and resilience, as well as public health. As our state looks at budget cuts for the next several fiscal years, revenue generation bills like HB 1088 can ensure that our climate goals are funded. We commend Delegate Stein for his leadership in introducing HB 1088.

Therefore, we urge a favorable report on HB 1088.