LWVMD - SB 590 - Study on Greenhouse Gas Emissions

Uploaded by: Casey Hunter

Position: FAV

LEAGUE OF WOMEN VOTERS® OF MARYLAND

TESTIMONY TO: SENATE EDUCATION, ENERGY, AND THE ENVIRONMENT COMMITTEE

SB 590 - Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)

POSITION: Support

By: Linda T. Kohn, President

Date: February 26, 2026

Since the emergence of the environmental movement in the 1970's, the League of Women Voters has advocated for policies that protect our planet and promote public health. The League believes in increasing energy efficiency and transitioning to predominant reliance on renewable energy sources. Establishing emissions cap programs is an important tool for reducing harmful greenhouse gas emissions.

The League of Women Voters of Maryland **supports SB 590,** which would require the Department of Environment (MDE), in collaboration with other relevant agencies, to study and develop a report on the potential design and implications of an economy-wide cap-and-invest program.

Maryland law requires the state to achieve net-zero greenhouse gas emissions by 2045, and the Maryland Department of the Environment's 2023 Climate Pollution Reduction Plan identifies an economy-wide cap-and-invest program as a potential strategy to reduce the state's emissions, while providing a sustainable funding source to pay for other climate initiatives. SB 590 would ensure that policymakers have the detailed analysis necessary to determine whether and how such a program could help Maryland achieve its climate commitments.

This study would also examine how revenue generated under a cap-and-invest program could be used to benefit Marylanders. This could include lowering household energy bills through rebates or efficiency upgrades, expanding clean energy and transportation options, supporting workforce development, and strengthening community resilience to climate impacts. Importantly, the study would identify ways to ensure that low-income households are protected from any net increase in costs under a future program.

The League of Women Voters of Maryland **strongly urges a favorable report on SB 590.**

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SB0590_Climate_Crisis_Equity_Act_FAV.pdf
Uploaded by: Cecilia Plante
Position: FAV

MARYLAND LEGISLATIVE COALITION

TESTIMONY FOR SB0590
Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)

Bill Sponsor: Senator Kramer
Committee: Education, Energy, and the Environment
Organization Submitting: Maryland Legislative Coalition
Person Submitting: Cecilia Plante, co-chair
Position: FAVORABLE

I am submitting this testimony in favor of SB0590 on behalf of the Maryland Legislative Coalition.

Our Coalition members strongly approve of measures to reduce Maryland's greenhouse gas emissions to zero as quickly as possible. We believe that the state should take an aggressive stance in moving in this direction.

The bill, if enacted, would require a study to be completed by December 31, 2027, on a cap-and-invest program which would set a declining cap on emission levels, and require polluters to acquire and retire emission allowances. It would collect money from the sales of those allowances from the polluters and invest it back into the economy to make it cleaner and more equitable for all Marylanders

Maryland already participates in the RGGI cap-and-invest program for electricity. This study would inform whether expanding cap and-invest beyond electricity could be an environmentally and economically helpful approach and, if so, how to design such a program effectively and equitably. The study would be paid for out of SEIF funds, with those funds paid back from cap-and-invest revenues if the program is implemented

If the study is shows that creating such a program is feasible an beneficial, creating such a program could raise significant funds that will have the effect of changing our course to a cleaner future while having the polluters pay for it. They have made their fortunes on the backs of Marylanders for decades. We believe it is time they gave back.

We support this bill and recommend a **FAVORABLE** report in committee.

CLPP SB0590 testimony.pdf
Uploaded by: Dave Grossman
Position: FAV

Climate Law & Policy Project

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Committee: Senate Education, Energy, and the Environment
Testimony on: SB0590 – Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)
Submitted by: Dave Grossman, Senior Advisor, Climate Law & Policy Project
Position: Favorable
Hearing Date: February 26, 2026

Dear Chairman and Members of the Committee:

Climate Law & Policy Project (CLPP) is a Maryland-based nonprofit research organization that works to develop, analyze, and promote policies to slow, stop, and ultimately reverse the buildup of greenhouse gases in the atmosphere and ensure that vulnerable communities are protected from climate impacts that cannot be avoided. CLPP has been studying and writing about cap-and-invest for the past couple of years and strongly supports SB0590.

Cap-and-invest is a market-driven policy that sets a declining cap on emission levels, requires polluters to acquire and retire emission allowances, and invests the money from allowance sales back into the economy to make it cleaner and more equitable. ***Cap-and-invest can be a key part of the solution for both climate change and energy affordability***.

In 2007, Maryland joined the Regional Greenhouse Gas Initiative (RGGI), a cap-and-invest system covering electricity generators in several Northeast and Mid-Atlantic states. RGGI launched in 2009 and has been a great success. RGGI states have cut power sector emissions roughly in half since 2005, while the regional economy has continued to grow. The cumulative lifetime benefits of RGGI investments include more than $20 billion in energy bill savings.

In December 2023, the Maryland Department of the Environment (MDE) released *Maryland's Climate Pollution Reduction Plan*, laying out policies to reduce statewide greenhouse gas emissions 60% by 2031 and to create a path to net-zero by 2045 (as required in the Climate Solutions Now Act). The *Plan* includes an economy-wide cap-and-invest program, both to close significant emissions gaps remaining after MDE's other policy recommendations are implemented (3.5 million metric tons in 2031 and 15.6 million in 2045) and to raise the roughly $1 billion per year in new revenue the *Plan* estimates is needed to fund several of these recommended policy programs. The *Plan* noted that an economy-wide policy such as cap-and-invest "could be necessary for Maryland to achieve its emissions reduction goals" and stated that MDE, in 2024, would "explore how expanding Maryland's current cap and invest program (RGGI) to cover additional sources could work." To the best of CLPP's understanding, that did not happen.

In December 2024, the annual report from the Maryland Commission on Climate Change noted that Maryland is not on track to achieve its climate pollution reduction targets, highlighted the *Climate Pollution Reduction Plan*'s inclusion of a cap-and-invest policy, and recommended that

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the General Assembly authorize a study that evaluates the design of a cap-and-invest program and considers the impact of a cap-and-invest program on energy affordability, the state's economy, and the state's competitiveness. The Commission recommended the study be completed by the end of 2025.

A little behind schedule, SB0590 responds to the Commission's recommendation.

Maryland is still falling short in meeting its climate targets, while the impacts of climate change are intensifying. At the same time, Maryland families face rising energy costs. An economy-wide cap-and-invest program could help address these challenges.

Other North American jurisdictions, including California, Quebec, and Washington, have successfully implemented economy-wide cap–and–invest programs to reduce greenhouse gas emissions, support climate investments, and promote energy affordability. For example:

- Washington, which has the newest cap-and-invest program in operation (launched in 2023), has so far invested $1.4 billion of revenues in vouchers for low- and moderate-income electricity consumers, rebates for high-efficiency electric equipment (e.g., heat pumps), weatherization, clean energy projects, urban tree planting, grants focused on a range of transit needs, programs focused on pedestrians and biking, vehicle electrification, projects that increase ecosystem resilience (e.g., habitat restoration, flood risk reduction), and projects that address environmental justice and health equity (e.g., air quality monitoring, reducing environmental harms in overburdened communities).
- Over the last decade, California has invested $13 billion of cap-and-invest revenues in programs to provide rebates for clean vehicles, develop high-speed rail, conserve and restore land, incentivize reductions in fluorinated gas emissions, enhance coastal resilience, support healthy soils, advance community fire prevention and preparedness, promote workforce development, and much more. Roughly three-quarters of the funds (more than $9 billion) have been spent to benefit underserved, over-burdened, low-income communities, including projects to locate affordable housing near job centers, expand low-emission transit and mobility, plant urban trees, support low-income home solar and weatherization, improve community air quality, and more. In addition, California's program has generated $21 billion for utilities to use for the benefit of ratepayers, including "climate credits" to reduce customers' bills.
- Quebec's program, which is linked with California's, has facilitated a broad range of investments, including support for innovative emission-reducing technologies, electrification of transportation, energy efficiency, clean energy for buildings and industry, reducing refrigerant emissions, agricultural technologies and practices, adaptation planning, and more.

SB0590 directs MDE — in coordination with other departments and stakeholders, including the Commission on Environmental Justice and Sustainable Communities — to conduct a study to understand what an economy-wide cap-and-invest program for Maryland might look like and what effects it might have. (The study would be paid for out of the Maryland Strategic Energy

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Investment Fund, with those funds paid back to the SEIF from cap-and-invest revenues if the program is implemented sometime before mid-2030.)

There are some important program design questions that MDE would have to evaluate as part of this study, such as which sectors might be covered and which mechanisms could best protect overburdened communities. The study would also consider potential uses of revenue generated through a cap-and-invest program. As in other jurisdictions with cap-and-invest programs, revenues could be invested in reducing energy bills (particularly for low- and moderate-income households, through rebates, energy efficiency, etc.), reducing emissions, workforce development, enhancing the resilience of the state's economy, communities, and ecosystems to climate impacts and extreme weather, and much more.

In addition, the study would include modeling and analysis to help answer critical questions about what effects a cap-and-invest program might have — including on achieving the state's climate pollution reduction targets, energy affordability, and the state's economy and competitiveness — as well as ways to ensure that low–income households experience no net increase in costs resulting from the program.

If designed well, cap-and-invest could reduce emissions, lower energy bills, support workers, and reinvest billions into Maryland's economy. SB0590 would make sure that policymakers have more information about whether expanding cap-and-invest beyond electricity could be an environmentally and economically helpful approach — as experience shows it has been in other jurisdictions — and, if so, how to design such a program effectively and equitably. Given the time it will take to complete a thorough study and analysis, as well as, perhaps, to eventually implement an economy-wide cap-and-invest program, it is imperative to get started with this study as soon as possible.

Climate Law & Policy Project urges a favorable vote on SB0590.

Testimony SB590 Maryland Climate Crisis Equity Act

Uploaded by: Debbie Cohn

Position: FAV

Committee: **Education, Energy and the Environment**
Testimony on: SB0590- Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)
Submitting: **Deborah A. Cohn**
Position: **Favorable**
Hearing Date: **February 26, 2026**

Dear Chair Feldman and Committee Members

I am urging support of SB0590 – Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program Maryland Climate Crisis Equity Act.

Maryland is not on target to meet its climate targets. The impacts of climate change are intensifying, and Maryland residents are facing very steep increases in energy costs. An economy-wide cap and-invest program could help address these challenges. Cap-and-invest is a market-driven solution that sets a declining cap on greenhouse gas emission levels, requires producers of greenhouse gases to acquire and retire emission allowances, and invests the money from the sale of allowances into the Maryland economy to accelerate greenhouse gas reductions, address the costs of climate change and reduce energy costs. The study called for by SB0590 has been recommended by the Maryland Commission on Climate Change.

Maryland already participates in the successful market driven RGGI cap-and-invest program that limits carbon emissions from electricity generation. SB0590 would require a study to evaluate design options and implications of an economy-wide market driven cap and-invest program to reduce Maryland greenhouse gas emissions. Funding for the study would be provided from the Maryland Strategic Energy Investment Fund (SEIF) with these costs reimbursed to the SEIF from revenue generated by a cap-and-invest program implemented by June 30, 2030.

Like RGGI, an economy wide cap-and-invest program could raise significant funds, potentially close to $1 billion per year. These revenues could be invested in (i) reducing Maryland greenhouse gas emissions, (ii) reducing energy bills, particularly for low- and moderate-income households, (iii) enhancing resilience of the state's economy, communities, and ecosystems to climate impacts and extreme weather, and (iv) workforce development. Accordingly, if well designed, an economy wide cap-and-invest program could reduce emissions, lower energy bills, reinvest billions into Maryland's economy while supporting employment and thus tax revenues.

For these reasons, I urge this Committee to issue a FAVORABLE report on SB0590.

ECA testimony SB0590 Cap and invest.pdf
Uploaded by: Frances Stewart
Position: FAV

SB0590 - SUPPORT
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SB0590, Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)

Meeting of the Education, Energy, and the Environment Committee

February 26, 2026

Dear Chair Feldman, Vice Chair Kagan, and Members of the Committee, on behalf of Elders Climate Action Maryland, I urge a favorable report on SB0590, the Maryland Climate Crisis Equity Act.

Elders Climate Action is a nationwide organization devoted to ensuring that our children, grandchildren, and future generations have a world in which they can thrive. The Maryland Chapter has members across the state.

Each day, we see the climate crisis more clearly. We know that Maryland is at risk for sea level rise, flooding from intense rainfall, heat waves, and other extreme weather events.

In response to this crisis, in 2022, the Maryland General Assembly passed the Climate Solutions Now Act, making Maryland a national leader in addressing the climate crisis. It set greenhouse gas emissions targets based on the best available science.

Sadly, Maryland is falling short in meeting those targets, while the impacts of climate change intensify. At the same time, Maryland families face rising energy costs. An economy-wide cap-and-invest program could help address these

challenges. Cap-and-invest is a market-driven solution that sets a declining cap on emission levels, requires polluters to acquire and retire emission allowances, and invests the money from allowance sales back into the economy to make it cleaner and more equitable for all Marylanders.

Maryland has participated in the Regional Greenhouse Gas Initiative (RGGI) cap-and-invest program for electricity since 2007. RGGI has helped Maryland improve energy efficiency, resulting in decreased electricity demand despite a growing population and economy, and has encouraged the growth of clean, affordable renewable energy. Those improvements have allowed ratepayers in the RGGI states to save over $1 billion in energy costs. It has created thousands of jobs and added over $4 billion in economic value. And it has dramatically reduced pollution. That has improved the health and well-being of Marylanders while reducing healthcare costs.

The Maryland Commission on Climate Change recommended a study of an economy-wide cap-and-invest program in its 2024 and 2025 annual reports. This study would inform whether expanding cap-and-invest beyond electricity could be an environmentally and economically helpful approach and, if so, how to design such a program effectively and equitably. The study would be paid for out of SEIF funds, with those funds paid back from cap-and-invest revenues if the program is implemented

Cap-and-invest could potentially raise as much as $1 billion per year. These revenues could be invested in

- reducing energy bills, particularly for low- and moderate-income households, through rebates, energy efficiency, etc.
- reducing emissions
- enhancing resilience of the state's economy, communities, and ecosystems to climate impacts and extreme weather
- workforce development.

A well-designed cap-and-invest could reduce emissions, lower energy bills, support workers, and reinvest billions into Maryland's economy.

For all of these reasons, we strongly urge a favorable report on SB0590, the Climate Crisis Equity Act. Thank you for your time and consideration.

Ceres Testimony SB590 - MD Climate Crisis Equity A

Uploaded by: Jeff Mauk

Position: FAV

SB590 – SUPPORT
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TESTIMONY SUPPORTING SB 590:
Study on Greenhouse Gas Emissions Economy–Wide Cap–and–Invest Program
(Maryland Climate Crisis Equity Act)

Senate Education, Energy, and Environment Committee
February 24th, 2026

Dear Chair Feldman, Vice Chair Kagan, and members of the Education, Energy, and Environment Committee;

I write today on behalf of Ceres to respectfully urge a favorable report from the Committee on SB 590, the Maryland Climate Crisis Equity Act. Ceres works with investors, companies, and financial leaders to promote sustainability solutions. Through our Business for Innovative Climate and Energy Policy Network (BICEP), we mobilize over 80 major employers, including several businesses doing business in Maryland, to advocate for more affordable and sustainable climate and clean energy policies.

Ceres is a nonprofit sustainability organization working with the most influential investors and companies to build leadership and drive solutions throughout the economy. Our network includes more than 220 institutional investors managing over $41 trillion in assets and hundreds of leading companies across sectors. Ceres submits this testimony in strong support of Senate Bill 590, which directs the Maryland Department of the Environment to conduct a rigorous, evidence-based study of an economy-wide cap-and-invest program.

Market Certainty Is the Prerequisite for Private Investment

Maryland's business and investor communities are not asking the state to move slowly on climate, they are asking the state to move predictably. Long-term capital allocation decisions in clean energy generation, grid infrastructure, industrial decarbonization, and clean transportation require durable, well-structured policy signals. A cap-and-invest program, when properly designed, creates exactly that: a declining emissions cap that tells investors what the trajectory is, and an auction mechanism that creates a carbon price

signal companies can model into project financials over 10-, 20-, and 30-year time horizons.

The study required by SB 590 will lay the analytical groundwork needed to design a program that maximizes market confidence. In particular, the bill's mandate to evaluate auction mechanisms that "respond automatically to changes in market price and demand" reflects sophisticated understanding of what business needs: a program that is responsive and self-correcting, not one that swings unpredictably with political cycles. Peer programs in California and Washington have demonstrated that well-designed cap-and-invest programs attract investment.

Economic Competitiveness Requires Getting the Design Right

We support the bill's requirement that the study evaluate the treatment of emissions-intensive, trade-exposed industries. Maryland competes for manufacturing, logistics, and industrial investment with jurisdictions that may not price carbon. A well-designed program with carefully calibrated allowance allocations and targeted protections for trade-exposed sectors levels the playing field and prevents carbon leakage without sacrificing environmental integrity.

The study's economic modeling requirement is particularly valuable. Directing the Department to analyze impacts on "the State's economy and economic competitiveness" and to identify "remedial measures" for potential adverse impacts means Maryland will enter any future legislative debate armed with relevant data.

Revenue Investment Drives Clean Economy Job Creation

Maryland's Regional Greenhouse Gas Initiative participation has generated more than $1.6 billion since 2008 — an investment record that demonstrates the economic productivity of cap-and-invest revenue. An economy-wide program would generate substantially more, creating a sustainable funding stream for workforce development in clean energy fields, clean transportation infrastructure, and energy efficiency programs that reduce operating costs for Maryland businesses and households alike.

SB 590 appropriately directs the study to evaluate revenue uses including workforce development and clean energy expansion, which translates directly into quality jobs in Maryland. Major companies across the construction, manufacturing, finance, and technology sectors are actively seeking locations where clean economy workforce

pipelines are being built. A Maryland cap-and-invest program with well-targeted revenue investment would enhance the state's competitive position for exactly these employers.

Ratepayer Protection Is Sound Business Policy

The bill addresses energy affordability directly by requiring the study to analyze potential cost impacts on consumers, evaluate no-cost allowance allocations to utilities to mitigate customer costs, and develop strategies to ensure low-income households experience no net increase in energy costs. These are sound design principles that make a program more durable and less vulnerable to reversal.

A Maryland cap-and-invest program designed with built-in affordability protections is one they can rely on to persist across administrations into the future, which is precisely the kind of regulatory stability that supports long-term investment at scale.

Ceres urges a favorable report on SB 590.

Respectfully submitted,

Jeff Mauk
Director, State Policy, Eastern Region, Ceres

Testimony in Support of Cap & Invest Study - Jenni

Uploaded by: Jennifer Mizrahi

Position: FAV

MIZRAHI
Family Charitable Fund

Testimony in Support of SB 590 – Maryland Climate Crisis Equity Act
Senate Education, Energy, and the Environment Committee
February 26, 2026 1:00 PM
Jennifer Laszlo Mizrahi, Co-Founder, Mizrahi Family Charitable Fund

Chair Feldman, Vice Chair Kagan and Members of the Committee:

Thank you for the opportunity to testify in strong support of SB 590, the Maryland Climate Crisis Equity Act. My name is Jennifer Laszlo Mizrahi. I serve on the Maryland Commission on Climate Change and on the Climate Advisory Council for the Comptroller of Maryland. However, today I am testifying in my personal capacity and on behalf of the Mizrahi Family Charitable Fund.

Thanks to you and others, Maryland has made important progress in addressing pollution and preparing for dangerous weather and health risks. But we also know that the impacts of extreme heat, flooding, and other climate-related disasters are accelerating. These events are already placing growing financial burdens on families, businesses, and state and local governments.

As part of the Comptroller's team, we released a report examining the rising costs that these risks are creating for Maryland. The findings are clear: the financial consequences are significant and growing. Fortunately, thanks to the RENEW Act passed by the General Assembly, Maryland will soon have a much more robust and transparent accounting of these costs. This improved data will help policymakers and taxpayers better understand the fiscal risks we face.

However, **measuring these costs is not enough**. **The only way to prevent these expenses from spiraling out of control is to significantly reduce greenhouse gas emissions and meet the ambitious goals we have already set in law.** Maryland has committed to major reductions in pollution and to achieving net zero emissions. These targets are not just environmental goals; they are economic and public health imperatives.

This is why SB 590 is so important. An economy-wide cap-and-invest approach has the potential to help Maryland meet these goals while also strengthening our economy and protecting households from rising costs. Maryland already participates in a successful cap-and-invest program for the electricity sector through the Regional Greenhouse Gas Initiative. This program has reduced pollution while generating funds to lower energy bills and invest in efficiency and clean energy. It has been endorsed by the Maryland Commission on Climate Change.

Expanding this model could provide Maryland with a sustainable funding source to:

- Reduce energy bills, especially for low- and moderate-income households
- Invest in energy efficiency and cost-saving technologies
- Strengthen our resilience to extreme weather
- Support workforce development and economic growth

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- Protect public health by reducing pollution

Importantly, this bill does not create a new program. It simply directs the Maryland Department of the Environment and key partners to study whether and how such an approach could work for Maryland. Given the scale of the challenges we face, it would be fiscally irresponsible not to carefully evaluate this option.

Taking a serious, data-driven look at cap-and-invest could help Maryland save money over time by avoiding the far higher costs of disaster recovery, health impacts, infrastructure damage, and economic disruption. It could also position Maryland as a leader in innovation, competitiveness, and economic resilience.

This study is a prudent, forward-looking step that will provide lawmakers with the information needed to make smart, responsible decisions. It aligns with our legal commitments, supports affordability, and prioritizes the long-term economic and health security of Marylanders.

For these reasons, I respectfully urge a favorable report on SB 590.

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Uploaded by: Josh Tulkin
Position: FAV

SIERRA CLUB
MARYLAND CHAPTER

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Committee: Education, Energy and the Environment
Testimony on: SB590
Position: Support
Hearing Date: February 26, 2026

Testimony of the Maryland Chapter of the Sierra Club

The Maryland Chapter of the Sierra Club supports SB 590 and urges the Committee to adopt a favorable report. This bill requires the Maryland Department of the Environment, in collaboration with other relevant agencies and stakeholders, to conduct a comprehensive study evaluating the design and implications of an economy-wide cap-and-invest program[1]. This is a prudent step before considering implementation of any policy that could affect fuel prices, household energy bills, and broader cost-of-living pressures across the State.

Maryland should evaluate economy-wide carbon pricing carefully before implementation

Maryland has committed in statute to achieving net-zero greenhouse gas emissions by 2045. Achieving that target will require durable, economy-wide tools. At present, Maryland participates in the Regional Greenhouse Gas Initiative (RGGI), which covers only the electric power sector. SB 590 would examine whether and how a broader approach that includes transportation fuels, buildings, and industrial emissions could help close the emissions gap while protecting consumers.

Only two U.S. states currently operate economy-wide cap-and-invest programs at scale. California has operated an economy-wide cap-and-trade program since 2013. The program yields multi-billion-dollar annual proceeds that fund clean energy deployment, transit investments, wildfire resilience, and consumer programs[2,3]. California's experience shows that such programs can operate over multiple administrations and generate sustained climate investment funding when structured carefully. Washington State launched its Climate Commitment Act in 2023. Program documentation indicates that auctions have generated billions in revenue, and state law requires that at least 35 percent of revenue benefit vulnerable populations and overburdened communities[4,5] Washington's design highlights how equity can be embedded directly into revenue allocation requirements rather than treated as an afterthought.

Several additional states are actively studying or developing cap-and-invest frameworks. These efforts reinforce that the design phase is critical and that modeling, stakeholder engagement, and public transparency are prerequisites for durable policy.

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[1] Maryland General Assembly. SB 590 (2026). https://mgaleg.maryland.gov/2026RS/bills/sb/sb0590f.pdf
[2] International Carbon Action Partnership. California Cap-and-Trade Program Summary. https://icapcarbonaction.com/en/ets/usa-california-cap-and-trade-program
[3] California Air Resources Board. Cap-and-Trade Data Dashboard. https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program/program-data/cap-and-trade-program-data-dashboard
[4] International Carbon Action Partnership. Washington Cap-and-Invest Program Summary. https://icapcarbonaction.com/en/ets/usa-washington-cap-and-invest-program
[5] Washington Department of Ecology. Climate Commitment Act Revenue and Equity Requirements. https://ecology.wa.gov/air-climate/climate-commitment-act/auction-revenue

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Equity and cost-of-living impacts must be central

Cap-and-invest works by setting a limit on greenhouse gas emissions and requiring fuel users to purchase allowances to cover their emissions. The revenue collected by the state from these allowance purchases is used to make climate-related investments. Pricing of emissions is generally based on the carbon content of fuels. In turn, this tends to raise the costs to consumers and businesses of gasoline, natural gas, and electricity. Households with longer commutes, limited transit options, or higher energy burdens may experience disproportionate impacts if revenue recycling mechanisms are not structured effectively.

Public debate in Washington State has demonstrated that consumer fuel price concerns can significantly influence political discourse around carbon pricing design[6]. Programs that do not clearly demonstrate net household benefits can face sustained opposition even if overall economic modeling shows positive long-term outcomes.

Lessons from Canada reinforce the importance of visible household protections. Canada's federal carbon pricing program included direct rebates, with a family of four receiving up to the equivalent of $1,300 dollars in certain provinces for 2024 to 2025[7]. These rebates were designed to offset average household impacts. The Canadian experience suggests that consumer-facing policies would likely need to be paired with transparent, timely rebates or bill credits to maintain public support. It also illustrates that even with rebates, public concern about visible fuel price impacts can influence public debate and opposition.

SB 590 is appropriately structured as a study bill rather than an implementation mandate. The legislation requires modeling of energy affordability, economic competitiveness, and strategies to ensure that low-income households do not experience a net increase in costs. It also requires examination of how revenues would be used, including rebates, weatherization, transportation investments, and climate resilience measures.

What SB 590 gets right

SB 590 requires evaluation of key program design elements, including:

1. Covered sectors and interaction with existing RGGI obligations
2. Treatment of emissions-intensive and trade-exposed industries
3. Allowance allocation approaches, including options to mitigate customer cost impacts
4. Auction design and price responsiveness
5. Revenue use for consumer rebates, efficiency, transportation, and resilience
6. Explicit modeling of impacts on emissions targets, affordability, and economic competitiveness

The bill also requires stakeholder engagement and coordination with environmental justice entities. This ensures that equity considerations are incorporated into the analytical process from the outset.

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[6] Washington State Standard. Washington Carbon Auction Prices Rise Again. Bill Lucia. https://washingtonstatestandard.com/2025/03/12/washington-carbon-auction-prices-rise-again/

[7] Government of Canada. Canada Carbon Rebate Amounts 2024 to 2025. https://www.canada.ca/en/department-finance/news/2024/02/canada-carbon-rebate-amounts-for-2024-25.html

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Suggestions for the study

The study should provide clear and accessible outputs so that Maryland residents can understand the potential impacts. These should include:

1. Estimated gasoline price impacts under multiple carbon price scenarios and monthly household energy bill impacts by income bracket
2. A net impact analysis comparing price increases with rebates, efficiency savings, and other benefits
3. Exploration of guardrails to ensure the revenues are used for intended purposes

Providing transparent modeling results will strengthen public confidence and allow policymakers to make evidence-based decisions.

Conclusion

SB 590 does not implement cap-and-invest. It requires Maryland to conduct the rigorous analysis necessary to determine whether such a program can achieve climate goals while protecting affordability and advancing equity.

California and Washington State demonstrate that state-wide cap-and-invest can generate substantial climate investment revenue and embed equity in program design. In these states, rebates have been essential to maintaining public acceptance, and they should be carefully considered in the study proposed for Maryland. For these reasons, the Maryland Chapter of the Sierra Club urges a favorable report on SB 590.

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SB590 Climate Crisis Equity Act - Maryland Climate
Uploaded by: Laura Bartock
Position: FAV

Testimony on SB 590
Maryland Climate Crisis Equity Act
Senate Education, Energy, and the Environment Committee

Date: February 26, 2026
Position: SUPPORT

Maryland Climate Partners strongly supports **SB 590**, which would direct the Maryland Department of the Environment to study the potential design and impacts of an economy-wide cap-and-invest program. As Maryland works to meet its climate mandates while facing mounting fiscal constraints, this study is a prudent and necessary step toward identifying sustainable, equitable sources of climate investment.

Maryland Climate Partners is a coalition of twenty environmental, faith, consumer advocacy, and social justice organizations focused on ensuring equitable implementation of the Climate Solutions Now Act (CSNA). The coalition formed in 2021 to support the passage of bold climate legislation, and we continue to advocate for policies that ensure Maryland has the tools and resources necessary to meet its climate commitments while protecting affordability and advancing equity.

Maryland is already experiencing the accelerating impacts of climate change, including extreme heat, flooding, and rising sea levels. These impacts are placing growing financial pressure on households, local governments, and state agencies, even as Maryland faces a significant structural budget deficit. At the same time, the Climate Pollution Reduction Plan makes clear that achieving Maryland's climate mandates will require sustained investment—on the order of at least $1 billion per year—to reduce emissions, build resilience, and protect public health. Without dedicated climate funding, Maryland will continue to rely on ad hoc resources while taxpayers shoulder the full cost of climate impacts.

SB 590 does not create a new program or impose new costs; rather, it directs the state to carefully evaluate whether an economy-wide cap-and-invest program could help reduce greenhouse gas emissions while generating dedicated revenue for climate solutions. This study would examine potential program design, impacts on energy affordability and the broader economy, and options for reinvesting revenues in ways that advance Maryland's climate and equity goals.

Maryland already has experience with a sector-specific cap-and-invest approach through its participation in the Regional Greenhouse Gas Initiative, which has reduced power-sector emissions while generating funds to support energy efficiency, bill assistance, and clean energy investments. **SB 590** would allow the state to assess—in a data-driven and transparent manner—whether a similar model could be effective if applied more broadly across the economy, and how such a program could be designed to avoid undue burden on households.

Equity must be central to this evaluation. Overburdened and underserved communities already face disproportionate exposure to climate pollution and climate-driven hazards and often have fewer resources to recover from extreme weather or rising energy costs. Without dedicated climate funding, these are the communities most likely to be left behind. **SB 590** appropriately directs the study to consider impacts on equity, affordability, and reinvestment, helping ensure that any future policy design prioritizes community resilience, lower energy costs, and public health benefits for those most affected by climate change.

At a moment when federal climate funding is increasingly uncertain and climate impacts are intensifying, it would be fiscally irresponsible not to explore durable, state-level funding options. **SB 590** is a forward-looking, responsible step that will equip lawmakers with the information needed to make informed decisions about Maryland's climate and economic future.

We strongly urge a favorable report on **SB 590**.

Third Act Maryland favorable on SB0590.pdf
Uploaded by: Laura Welch
Position: FAV

SB791 – Favorable
Laura Welch for
Third Act Maryland
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Third Act Maryland recommends a favorable vote on SB0590

I'm Laura Welch and I serve on the steering committee for Third Act Maryland, which is the state chapter of a national organization mobilizing seniors for climate and democracy. Nationally Third Act has 100,000 members, with 4000+ here in Maryland.

Cap-and-invest is a market-driven solution that sets a declining cap on emission levels, requires polluters to acquire and retire emission allowances, and invests the money from allowance sales back into the economy to make it cleaner and more equitable for all Marylanders. In Maryland, a cap and invest program could raise $1 billion annually.

Maryland is falling short in meeting its climate targets, while the impacts of climate change are intensifying. At the same time, Maryland families face rising energy costs. An economy-wide cap-and-invest program could help address these challenges. Maryland already participates in the RGGI cap-and-invest program for electricity. This study, which was recommended by the Maryland Commission on Climate Change, would inform whether expanding cap-and-invest beyond electricity could be an environmentally and economically helpful approach.

SB0590 directs MDE, in coordination with other departments and stakeholders, to conduct a study to understand what an economy-wide cap-and-invest program for Maryland might look like and what effects it might have. The study would be paid for out of SEIF funds, with those funds paid back from cap-and-invest revenues if the program is implemented.

Because this program could lead to very significant economic and environmental benefits, Third Act Maryland recommends SB0590 be approved so we can understand if this is a good approach for the state.

Key policy questions for the study

- _What cap-and-invest design will best promote good environmental and economic outcomes?
- _How will it help achieve M_a_r_y_l_a_n_d_'s_ _climate pollution reduction targets?
- _How might it affect energy affordability and t_h_e_ _s_t_a_t_e_'s_ _e_c_o_n_o_m_y_?_ _
- _How might revenues from auctions of emission allowances be used? (*See box* →)
- _W_h_a_t_ _a_r_e_ _t_h_e_ _i_m_p_l_i_c_a_t_i_o_n_s_ _o_f_ _l_i_n_k_i_n_g_ _to other North American cap-and-invest programs?

Revenue outlook

Cap-and-invest could raise serious money, potentially upwards of $1 billion per year.
These revenues could be invested in:
Reducing energy bills, particularly for low- and moderate-income households, through rebates, energy efficiency, and more
Reducing emissions of greenhouse gases
Workforce development

SB590 Maryland Climate Crisis Equity Act_E&E_CJW F
Uploaded by: Laurie McGilvray
Position: FAV

Testimony on: SB0590- Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program Maryland Climate Crisis Equity Act
Committee: Education, Energy, and the Environment Committee
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Phil Webster
Position: Favorable
Hearing Date: February 26, 2026

Dear Chair Feldman and Vice-Chair Kagan, and Members of the Committee,

Thank you for allowing our testimony today in support of SB0590 – Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program Maryland Climate Crisis Equity Act. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of 32 grassroots and professional organizations focused on climate justice, urges you to vote favorably on SB0590.

Maryland is falling short in meeting its climate targets, while the impacts of climate change are intensifying. At the same time, Maryland families face rising energy costs. An economy-wide cap-and-invest program could help address these challenges. Cap-and-invest is a market-driven solution that sets a declining cap on emissions, requires polluters to acquire and retire emission allowances, and invests the money from allowance sales back into the economy to make it cleaner and more equitable for all Marylanders.

Maryland already participates in the Regional Greenhouse Gas Initiative (RGGI) cap-and-invest program for electricity. The Maryland Commission on Climate Change recommended a study of an economy-wide cap-and-invest program in its 2024 and 2025 recommendations.

This study would inform whether expanding cap-and-invest beyond electricity could be an environmentally and economically helpful approach and, if so, how to design such a program effectively and equitably. The study would be paid for out of Strategic Energy Investment Fund (SEIF) funds, with those funds paid back from cap-and-invest revenues if the program is implemented.

Cap-and-invest could potentially raise as much as $1 billion per year. These revenues could be invested in: (1) reducing energy bills, particularly for low- and moderate-income households, through rebates, energy efficiency, etc.; (2) reducing emissions; (3) enhancing resilience of the state's economy, communities, and ecosystems to climate impacts and extreme weather; and (4) workforce development.

If designed well, cap-and-invest could reduce emissions, lower energy bills, support workers, and reinvest billions into Maryland's economy.

For all these reasons, we urge this Committee to give SB0590 a FAVORABLE report.

350MoCo
Cedar Lane Unitarian Universalist Church Environmental Justice Ministry

Chesapeake Earth Holders
Chesapeake Physicians for Social Responsibility
Climate Law and Policy Project
Climate Parents of Prince George's
Climate Reality Project
ClimateXChange
Coming Clean Network, Union of Concerned Scientists
DoTheMostGood Montgomery County
Echotopia
Elders Climate Action Maryland
Fix Maryland Rail
Glen Echo Heights Mobilization
Greenbelt Climate Action Network
HoCoClimateAction
IndivisibleHoCoMD
Maryland Legislative Coalition
Maryland Third Act
Mizrahi Family Charitable Fund
Mobilize Frederick
Montgomery County Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Mountain Maryland Movement
Nuclear Information & Resource Service
Progressive Maryland
Safe & Healthy Playing Fields
Takoma Park Mobilization Environment Committee
The Climate Mobilization MoCo Chapter
Unitarian Universalist Legislative Ministry of Maryland

SB 590 - CBF - FAV.pdf
Uploaded by: Matt Stegman
Position: FAV

CHESAPEAKE BAY FOUNDATION

Senate Bill 590
Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)

Date: February 26, 2026
To: Senate Education, Energy, & Environment Committee
Position: **FAVORABLE**
From: Matt Stegman, MD Staff Attorney

The Chesapeake Bay Foundation (CBF) **SUPPORTS Senate Bill 590** which would direct the Maryland Department of the Environment (MDE) - in coordination with other departments and stakeholders, including the Commission on Environmental Justice and Sustainable Communities - to conduct a study to understand what an economy-wide cap-and-invest program for Maryland might look like and what impacts it might have. The study would be funded out of the Strategic Energy Investment Fund (SEIF), with costs to be paid back from cap-and-invest revenues if a program is eventually implemented.

Maryland's ambitious climate goals, culminating in net-zero greenhouse gas emissions by 2045, cannot be fully met under current policy and funding strategies—meaning that Marylanders will be forced to reckon with more extreme consequences of rising temperatures and sea level. By creating a cap-and-invest program, however, the state will be able to require polluters to stay below a declining cap level. Payment for pollution allowances could fund additional programs discussed in MDE's Climate Pollution Reduction Plan, including programs to protect Maryland's underserved and overburdened communities. Addressing energy affordability through a cap-and-invest program would help ensure that the cost of reducing greenhouse gas emissions will be paid by polluters, not by Maryland residents.

Maryland already participates in the Regional Greenhouse Gas Initiative, a cap-and-invest program that targets the electricity sector. An economy-wide program would provide greater mitigation of climate pollution, protecting the health of people and the environment. It would also create a larger pool of funds to be invested back into the communities most impacted by air emissions and climate change, helping right longstanding injustices.

Cap-and-invest programs have been successfully instituted by other states: For example, Washington has run a cap-and-invest auction program since 2023[1]. Recent estimates expect proceeds of $1.8 billion in FY 26 auction revenue, and a projected $895 million in FY 27. Washington's Department of Ecology has also studied linking their program to regional programs, with promising results for both environmental impact and cost-effectiveness[2]. Maryland has the opportunity to follow this model of success.

CBF urges the Committee's FAVORABLE report on SB 590. For more information, please contact Matt Stegman, Maryland Staff Attorney, at mstegman@cbf.org.

[1] https://ecology.wa.gov/air-climate/climate-commitment-act/auction-revenue
[2] Independent studies show new climate change initiatives deliver significant benefits at minimal cost - Washington State Department of Ecology

SB 590 Study on Greenhouse Gas Emissions Economy-W

Uploaded by: Michelle Dietz

Position: FAV

The Nature Conservancy
Maryland/DC

Thursday, February 26, 2026

TO: Senator Brian Feldman, Chair of the Senate Education, Energy and the Environment Committee, and Committee Members
FROM: Michelle Dietz, Director of Government Relations, The Nature Conservancy; Cait Kerr, State Policy Manager, The Nature Conservancy
POSITION: Support SB590 Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)

The Nature Conservancy (TNC) supports SB 590 offered by Senator Kramer. TNC is a global conservation organization working in Maryland since 1977 to conserve the lands and waters on which all life depends. Our work spans the breadth of the state and includes protecting forests, increasing agricultural sustainability, bringing nature's benefits to cities and helping coastal communities adapt to climate change. We focus on delivering data-driven, on-the-ground solutions that secure clean water, air, and healthy, secure living environments for our human and natural communities today and for generations to come.

SB 590 requires the Maryland Department of the Environment (MDE) to study and develop a framework for an economy-wide cap-and-invest program in Maryland by 2027, moving our state further along the path to reducing emissions and meeting climate goals as set forth in the Climate Solutions Now Act of 2022. This would be done in conjunction with the Maryland Commission on Climate Change (MCCC), the Department of Transportation, the Maryland Energy Administration, and the Commission on Environmental Justice and Sustainable Communities. By setting a cap on emissions levels in the state that declines over time, this market-driven policy will require polluters to purchase emissions allowances. Revenue generated from these allowances can then be reinvested in the state to further fund climate mitigation efforts that will benefit all Marylanders.

The Maryland Climate Pollution Reduction Plan (CPRP) of 2023 identified cap-and-invest as a promising pathway through which the state can close the gap between current emissions and our goals. The CPRP modeled an economy-wide cap-and-invest program, finding that such a program could reduce emissions by 3.5 million metric tons in 2031 and 15.6 million metric tons in 2045 while raising roughly $1 billion per year in new revenue.[1] MDE's analysis also suggests that an economy-wide cap-and-invest program would be the largest single driver of needed emission reductions. By balancing affordability and reducing carbon emissions over time, SB 590 will help to define how a cap-and-invest program could work in Maryland.

[1] Maryland Climate Pollution Reduction Plan https://mde.maryland.gov/programs/air/ClimateChange/Maryland%20Climate%20Reduction%20Plan/Maryland%27s%20Climate%20Pollution%20Reduction%20Plan%20-%20Final%20-%20Dec%2028%202023.pdf

TNC is a member of the Greenhouse Gas Mitigation Working Group (MWG), which supports the MCCC by proposing regulatory, market-based and voluntary programs to reduce greenhouse gas emissions while supporting economic development and job creation. Over the past years, the MWG has discussed the merits of cap-and-invest programs to assist Maryland in achieving our ambitious greenhouse gas reduction goals. This year's MCCC Annual Report again recommends that the Moore Administration prioritize evaluating and designing an economy-wide cap-and-invest program, reiterating a recommendation from 2024.

Maryland is currently facing a structural deficit and will need to find creative solutions to fund and achieve our climate goals. Investing in climate mitigation will bring economic benefits to our state. The MCCC Annual Report highlighted that "implementation of current and planned policies [in the CPRP] would result in statewide economic benefits: by 2031 total personal income would increase by $2.5 billion, Gross Domestic Product would increase by $5.3 billion, and the cumulative public health benefits would exceed $4 billion through 2050."[2] Programs like cap-and-invest can provide multiple benefits to Maryland, assisting in reducing emissions over time while also reinvesting funds back into the state through programs that enhance and advance climate mitigation technologies, build resilience within communities, and ultimately reduce costs to consumers, both directly and indirectly.

Maryland is already part of a regional cap-and-invest program that reduces carbon emissions from the electricity sector. The Regional Greenhouse Gas Initiative (RGGI) is a cooperative agreement between 10 states: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont. Since 2009, regional carbon emissions from electricity generation have fallen by half and RGGI has raised over $10 billion in proceeds from allowance auctions, which are used for strategic energy investments.[3] In Maryland, RGGI investments have contributed $1.7 billion since 2009, funding which goes to the state's Strategic Energy Investment Fund (SEIF).[4] The SEIF makes Maryland's energy more affordable, cleaner and reliable through programs offered by MEA and other state agencies. These programs address consumer energy costs, global climate change concerns, job creation, energy resilience, economic development, business retention, and energy freedom. In FY2024, over $25 million of the SEIF was committed to programs or initiatives benefiting low- or moderate-income Maryland residents. Further investments in the SEIF through a cap-and-invest program will continue to provide dividends for Marylanders.

Maryland is experiencing more frequent extreme weather events due to climate change with increasing intensity, including heavy rainfall, high tides, and record heat, causing significant damage to infrastructure, homes, and natural habitats. SB 590 will work to protect lives and property by promoting a more sustainable and resilient future for our state through developing a roadmap to cap

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[2] Maryland Commission on Climate Change Annual Report, 2025: https://mde.maryland.gov/programs/air/ClimateChange/MCCC/Documents/MCCC%20Annual%20Report/2025%20MCCC%20Annual%20Report/MCCC_Annual_Report_2025.pdf

[3] U.S. Energy Information Administration electricity sector CO2 emissions data for 2024

[4] The Economic Impacts of the Regional Greenhouse Gas Initiative on Ten Northeast and Mid-Atlantic States; https://www.analysisgroup.com/globalassets/insights/publishing/2023-ag-rggi-report.pdf

emissions levels and generate revenue from emissions allowances. This new revenue source will allow Maryland to ramp up investment in achieving a rapid, effective, and equitable transition to a net-zero emission economy.

Maryland's ambitious climate emissions goals mean we need to continue to prioritize investments in climate mitigation state-wide. TNC commends Senator Kramer for introducing SB 590, which will move our state a step closer to enacting an economy-wide cap-and-invest program, reducing carbon emissions while keeping an eye on affordability for Marylanders. **Therefore, we urge a favorable report on SB 590.**

The Nature Conservancy Maryland/DC Chapter
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SB590_IndivisibleHoCo_FAV.pdf
Uploaded by: Peter Alexander
Position: FAV

IndivisibleHoCoMD

SB0590

Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)

Testimony before Education, Energy and the Environment Committee

Hearing February 26, 2026

Position: Favorable

Dear Chair Feldman and Vice-Chair Kagan, and members of the committee, my name is Peter Alexander, and I represent the 1700+ members of Indivisible Howard County. Indivisible Howard County is an active member of the Maryland Legislative Coalition (with 30,000+ members). We are providing written testimony today **in support of SB0590**, the **Maryland Climate Crisis Equity Act**, which will require MDE to conduct a study to understand how an economy-wide cap-and-invest program for Maryland might be structured and what effects it might have. We thank Senator Kramer for introducing this bill.

Maryland is falling short in meeting its climate targets, while the impacts of climate change are intensifying. At the same time, Maryland families face rising energy costs. An economy-wide cap and-invest program could help address these challenges. Cap-and-invest is a market-driven solution that sets a declining cap on emission levels, requires polluters to acquire and retire emission allowances, and invests the money from allowance sales back into the economy to make it cleaner and more equitable for all Marylanders.

Maryland already participates in the RGGI cap-and-invest program for electricity. This study would inform whether expanding cap and-invest beyond electricity could be an environmentally and economically helpful approach and, if so, how to design such a program effectively and equitably. The study would be paid for out of SEIF funds, with those funds paid back from cap-and-invest revenues if the program is implemented

Cap-and-invest could potentially raise as much as $1 billion per year. These revenues could be invested in (1) Reducing energy bills, particularly for low- and moderate-income households, through rebates, energy efficiency, etc. (2) Reducing emissions (3) Enhancing resilience of the state's economy, communities, and ecosystems to climate impacts and extreme weather, and (4) Workforce development.

If designed well, cap-and-invest could reduce emissions, lower energy bills, support workers, and reinvest billions into Maryland's economy.

Thank you for your consideration of this important legislation.

We respectfully urge a favorable report.

Peter Alexander, PhD
Woodbine, MD 21797

SB 590 Cap & Invest - Support-Phil Webster-UULM-MD

Uploaded by: Phil Webster

Position: FAV

Unitarian Universalist Legislative Ministry of Maryland

Testimony in Support of SB 590
Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program
(Maryland Climate Crisis Equity Act)

TO: Chair Feldman and Members of the Education, Energy and Environment Committee
FROM: Phil Webster, PhD, Lead Advocate for the Climate
Unitarian Universalist Legislative Ministry of Maryland.
DATE: February 26, 2026

The Unitarian Universalist Legislative Ministry of Maryland (UULM-MD) strongly supports **SB 590 - Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program - (Maryland Climate Crisis Equity Act).** We are a faith-based advocacy organization based on Unitarian Universalist (UU) Values, including Interdependence (honoring the interdependent web of all existence) and Justice (where all feel welcome and can thrive). Working to mitigate, adapt to, and build resilience for climate change is central to our beliefs. The **Maryland Climate Crisis Equity Act** aligns with both of these values.

The **Maryland Climate Crisis Equity Act** directs the Maryland Department of the Environment, in coordination with other agencies and stakeholders—including the Commission on Environmental Justice and Sustainable Communities—to study what an economy-wide cap-and-invest program could look like for Maryland and to assess its potential impacts.

Addressing the climate crisis requires reducing carbon pollution, the vast majority of which comes from fossil fuels. Cap-and-invest is a proven, market-based approach that sets a declining cap on greenhouse gas emissions, requires polluters to purchase and retire emission allowances, then reinvests the proceeds into programs that make the economy cleaner and more equitable.

For polluters, emission allowances increase the cost of pollution while creating strong incentives to transition to clean energy sources such as wind, solar, and battery storage. The equity provisions of the bill incentivize investing the revenues in ways that would advance climate justice by including overburdened and underserved communities with a meaningful “seat at the table” during the study process.

For these reasons, we respectfully urge a FAVORABLE report on **SB 590**.

Phil Webster, PhD
Lead Advocate for the Climate, UULM-MD

SB 590_Maryland LCV _FAV_Maryland Climate Crisis E
Uploaded by: Rebecca Rehr
Position: FAV

MARYLAND LEAGUE OF CONSERVATION VOTERS

February 26, 2026

Support: SB 590 - Maryland Climate Crisis Equity Act

Mr. Chair and Members of the Committee:

Maryland LCV Supports SB 590 - Maryland Climate Crisis Equity Act and we thank Senator Kramer for his leadership on this issue.

Maryland LCV strongly supports actions that advance Maryland's climate goals while delivering tangible benefits for public health, household budgets, and a clean-energy economy. SB 590 directs the state to study an economy-wide cap-and-invest program within the state, including how such a program could be designed to protect households from negative health impacts stemming from carbon emissions, generate revenue for clean energy and efficiency investments, and reduce energy burden - particularly for low-income and overburdened households.

Maryland's participation in the Regional Greenhouse Gas Initiative (RGGI), a cap and invest program among 10 states, demonstrates that a declining emissions cap paired with strategic reinvestment can reduce carbon pollution while generating revenue to fund a clean energy economy. Since joining RGGI in 2007, Maryland has generated more than $1.6 billion in auction proceeds. These funds, invested through the Strategic Energy Investment Fund (SEIF), support energy efficiency upgrades, renewable energy deployment, bill assistance, and weatherization programs that lower energy costs for households and businesses, often prioritizing low-income and overburdened communities. In addition to lowering bills, these investments improve public health by reducing harmful co-pollutants associated with fossil fuel generation.

While Maryland has made important progress toward its emissions goals, according to the latest analysis the **state is falling behind on its target to reduce greenhouse gas emissions by 60% below 2006 levels by 2031.** This points to a need to reevaluate the state's approach to meeting those targets, and the critical importance of new revenue generation to support these reductions. An economy-wide cap-and-invest program offers a sensible and appropriate route for getting Maryland on track with its GHG reduction goals, and the

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resulting health improvements and economic growth. This bill is in alignment with the official recommendations from the Maryland Commission on Climate Change for the state to develop an economy-wide cap-and-invest program. The state's Climate Pollution Reduction Plan also includes an economy-wide cap-and-invest program as the mechanism to bridge the gap between sector-specific reductions and the final targets.

At a time when electricity affordability is a growing concern and climate impacts are intensifying, Maryland should build on proven models that both reduce pollution and support households. SB 590 provides an opportunity to evaluate how an economy-wide cap-and-invest program can help the state meet its climate targets while protecting ratepayers. Maryland LCV urges a favorable report on this bill.

Testimony in support of SB0590 - Maryland Climate
Uploaded by: Richard KAP Kaplowitz
Position: FAV

SB0590_RichardKaplowitz_FAV
02/26/2026
Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON SB#0590- POSITION: FAVORABLE

Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)

TO: Chair Feldman, Vice Chair Kagan, and members of the Education, Energy and the Environment Committee
FROM: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB#0590**, Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)**

Cap-and-invest is a climate policy that sets a firm, declining limit (cap) on greenhouse gas emissions from major polluters, requiring them to buy allowances for their emissions, with proceeds reinvested into clean energy, equity programs, and pollution reduction (invest). It is a market-based, … tool designed to be more cost-effective than traditional regulation. [1]

Key Aspects of Cap-and-Invest:

- **The Cap**
- **The Allowances**
- **The Investment**
- **Comparison to Cap-and-Trade**
- **Active Examples**

Maryland can create a plan and methodology to determine best practices in implementing a cap and invest policy for our state.

This bill will require the Department of the Environment, in collaboration with the Maryland Commission on Climate Change, the Department of Transportation, and the Maryland Energy Administration, and in coordination with certain entities and persons, to complete a study and develop a report evaluating the potential design and implications of implementing an economy-wide cap-and-invest program that will help the State achieve certain emissions reductions and provide a sustainable funding source for certain initiatives.

This study and resulting report can guide Maryland's future actions to execute this climate forward program.

I respectfully urge this committee to return a favorable report on SB#0590.

[1] Google AI Search "what is a cap and invest program"

EDF Testimony

Uploaded by: Kate Courtin
Position: FWA

To: Members of the Education, Energy, and Environment Committee
From: Environmental Defense Fund
Subject: SB0590 "Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)"
Date: February 25, 2026

Position: Favorable with amendment

The Environmental Defense Fund appreciates the opportunity to submit testimony in support of Senate Bill 0590, directing the Department of the Environment, in collaboration with the Maryland Commission on Climate Change, the Department of Transportation, and the Maryland Energy Administration to complete a study evaluating the potential design and outcomes of an economy-wide cap-and-invest program that will help Maryland achieve its emissions reductions targets and provide a source of sustainable funding for the clean energy transition.

EDF is a global non-profit organization focused on tackling climate change and the world's most challenging environmental issues. We have more than three million members globally, including more than 50,000 Marylanders.

Cap-and-Invest Can Support Climate Progress and Energy Affordability

Maryland has been a leader for many years in taking action to address climate change while delivering health and economic benefits to its residents. Maryland's Climate Solutions Now Act (CSNA) establishes some of the most ambitious climate pollution reduction goals in the country, in line with what science suggests is necessary to mitigate the worst impacts of climate change. This includes a requirement to cut climate pollution by at least 60% from 2006 levels by 2031 and achieve net-zero emissions by 2045.

An economy-wide cap-and-invest program would be a powerful tool to put Maryland on track to reaching these statutory targets and at the same time establish a significant new revenue source that can be flexibly used to support energy affordability particularly for low- and moderate-income households, economic development, environmental justice, resilience, and other identified priorities.

EDF has worked on market-based climate policies like cap-and-invest for decades across dozens of states and countries. Through that experience and research, EDF has found that these flexible, market-based policies can be designed to support cost-effective emissions reductions and promote energy affordability:

1. By establishing an enforceable, declining limit across all major emission sources, cap-and-invest can **maximize certainty of reaching climate targets**.

2. Cap-and-invest can support and complement other climate and clean energy policies by providing a consistent price signal for reducing GHG emissions, thereby ensuring **no cost-effective emission reduction opportunity is missed**. In other words, a cap-and-invest program, complementing sector-specific climate policies, would support the most

cost-effective path to meeting Maryland's climate goals.

3. **Cap-and-invest revenues and allowance value can be flexibly directed to ensure consumers see net savings benefits from the program.** For example, investments can fund bill credits or rebates for low- and moderate-income households and simultaneously scale up clean energy, efficiency, and electrification programs that help consumers quickly and cheaply access clean energy and efficiency upgrades that will cut their energy costs year over year.

Proven Approach to Cutting Polluting and Driving Energy Affordability & Investments in Communities

Cap-and-invest is a proven approach to cutting emissions and investing in communities, as Maryland knows firsthand from its participation for over a decade in the Regional Greenhouse Gas Initiative. While this regional cap-and-invest program cuts emissions from power plants, expanding this tool economy-wide in Maryland would help to ensure all sectors are on track to meet the CSNA targets while providing an important new revenue source to support energy affordability and create economic opportunity in communities.

Other climate leadership states like California and Washington have adopted economy-wide cap-and-invest programs that are driving billions of dollars of investments every year in projects to promote energy affordability, drive down climate and air pollution, and support economic benefits and resiliency in communities. Both programs prioritize investments in low-income communities and communities overburdened by pollution and most impacted by climate change. This policy approach is also being studied or considered by legislatures and regulators in several other states.

Evidence and analysis of existing and emerging cap-and-invest programs clearly demonstrates the cost-savings and economic benefits of these policies, which could similarly be realized in Maryland. For example:

1. California's Cap-and-Invest program has generated over $30 billion in climate and community investments since 2013 and directed $16 billion to reduce household energy costs through utility bill credits. As a result, the legislature voted to extend the program in September 2025. Research from EDF and Greenline Insights shows that investments from California's newly reauthorized cap-and-invest program are projected to provide $232 million in net savings for California families from 2031 to 2045. Lower income families stand to gain the most in terms of affordability benefits, with families earning $70,000 or less projected to receive $3.9 billion.[1] And, the program is projected to create 287,000 new jobs and generate $55 billion in economic activity over the same time horizon.

[1] These net savings account for the combined effects of allowance prices, utility bill credits, and climate investments. Savings results are also *before* accounting for improved energy efficiency and reduced fuel consumption from clean energy adoption, which would significantly amplify household savings over time.

2. Washington's cap-and-invest program is projected to create 40,000 jobs and unlock $9 billion in economic growth**.** Importantly, the jobs created via these investments are projected to be good, family-sustaining jobs: the average salary of such jobs is estimated to be $91,000, which is 9% higher than the state median wage.

3. Investments of RGGI proceeds across the region are projected to yield over $20 billion in energy bill savings, a 4:1 energy bill savings return for every dollar invested.

4. New York's proposed cap-and-invest program is projected to deliver $6.9 billion in net savings for households earning up to $200,000 – nearly 85% of households – in its first decade. Investments from the program would also yield 300,500 jobs and $47.5 billion in statewide economic growth over the same period.

In addition to household affordability and economic benefits, these programs deliver pollution cuts associated with massive avoided public health costs. For instance, the RGGI program yielded over $5.7 billion in public health benefits in its first six years alone.

Amid the current energy affordability crisis facing Marylanders, and at an essential moment for states to lead the way on reducing harmful climate and air pollution, this is the right moment for Maryland to study and ultimately advance a powerful policy that can deliver on both fronts.

Given the urgency to both reduce climate pollution in line with Maryland's statutory targets and to shield families from rising energy costs, EDF proposes amending the deadline for the study to no later than June 1, 2027:

- Sec 1 (f): *On or before [June 1] ~~December 31~~, 2027, the Department shall submit the report required under this section to the General Assembly, in accordance with § 2–1257 of the State Government Article.*

SB 0590 represents an important step for Maryland on its road towards achieving its climate targets, promoting energy affordability, and driving investments to support safer, healthier communities. EDF respectfully urges a favorable report with amendment on SB0590.

SB0590_CapandInvest_OPPOSE_ClimateCC.pdf
Uploaded by: Sonia Demiray
Position: UNF

SB 0590 - OPPOSE

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SB 0590 - Study on Greenhouse Gas Emissions Economy–Wide Cap–and–Invest Program (Maryland Climate Crisis Equity Act)

Education, Energy, and the Environment
February 26, 2026

Dear Chair Feldman, Vice Chair Kagan, and Members of the Committee:

The Climate Communications Coalition is a Maryland-based grassroots climate and environmental justice non-profit, a member of the Mid-Atlantic Justice Coalition, and of the Maryland Climate Justice Wing, among others.

The Climate Communications Coalition opposes SB 0590.

Since the 1997 Kyoto Protocol, market-based mechanisms -such as cap and trade (recently renamed "cap and invest"), allowances, and offsets - have been the corporate focus for climate action. **These programs have proven ineffective in reducing emissions at the speed and level that we need.** Market mechanisms do not directly reduce greenhouse gas emissions(GHG) or fossil fuel use. The result is that today, thirty years later, emissions are still rising year after year. We are running out of time for climate action.

Cap-and-Invest works by setting a statewide cap on greenhouse gas emissions from all industrial sectors, manufacturing, and power generation. The industries purchase "emissions allowances," which give them permission to pollute a certain amount (each allowance represents one metric ton of CO2). Industries can meet the obligations of the program by simply purchasing allowances, instead of cleaning up their processes. Market mechanisms allow industries to keep polluting as long as they keep paying. Polluters then can claim being part of a "green economy" thereby misleading the public while conducting business as usual. This is the definition of greenwashing and promotes a false sense of accomplishment.

Looking at the flaws of the market mechanisms, it is no surprise that these programs have become popular among big polluters. Instead of making vital investments in permanently reducing actual GHG from their manufacturing or production processes, polluters can pay for, or trade, their excesses. An investigation by Greenpeace Canada revealed a united front of lobbyists from the powerful logging, mining, agribusiness, and oil interests to prioritize market schemes (specifically offsets) over actual emissions reductions. Note that allowances essentially permit emissions (for a price), while offsets are supposed to represent actual reductions in emissions.

Neither of these low-cost -permission-to-pollute schemes address the problems of the warming world or biodiversity loss.

We don't need another study that will take precious time away from real action. We can simply look at the failures of reducing greenhouse gases elsewhere:

- The European Union's cap-and-trade system, known as the Emissions Trading System (ETS), is facing criticism as major polluters lobby to weaken the mechanism due to high energy prices and competition. In addition, oversupply and too low prices regularly threaten to slow down decarbonization. These fluctuations raise concern about the effectiveness of the ETS and carbon risk exposure for corporations.
- The California Cap-and-Invest system is over 10 years old and missing its mark. California is far from its 2030 and 2045 goals because: "Cap and Trade isn't made to phase out (polluting) sectors, it's made to provide sectors with a way to comply with the law."
- The RGGI, our existing cap-and-trade, is consistently being blamed for increases in electricity prices, not doing enough to advance clean energy, and not cutting emissions fast enough.
- Finally, Cap-and-Invest, has provoked an increase in the air contamination in many Environmental Justice (EJ) communities where most emission sources are placed, yet the investments from the Cap-and-Invest schemes, mostly do not end up supporting EJ communities.

In short, market mechanisms (including offsets and allowances) undermine the goals of the Paris Agreement of keeping global warming below 2°C.

Instead of more market mechanisms that delay action, polluters need to be held accountable and pay a much higher and incremental fee (or penalty) per ton/GHG emitted to make them clean up their processes. Considering the influx of highly polluting, energy guzzling data centers into Maryland, a mechanism that does not require a direct fee for each ton of GHG, could cause real harm. We suggest applying a fee and investing the proceeds in clean energy generation (wind, solar, and geothermal only) for Maryland residents.

The Climate Communications Coalition respectfully requests an unfavorable report on SB 0590.

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SB 590_MAA_UNF.pdf
Uploaded by: Tim Smith
Position: UNF

MARYLAND ASPHALT ASSOCIATION
ESTD 1954

February 25, 2026

Senator Brian Feldman, Chair
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

RE: SB 590 – UNFAVORABLE – Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)

Dear Chair Feldman and Members of the Committee:

The Maryland Asphalt Association (MAA) represents approximately 110+ members, including 20 material producers, contractors, engineering firms, and associate members, supporting a 7,000-person workforce. MAA actively collaborates with regulatory agencies to advocate for the asphalt industry, ensuring fair regulations at both the state and federal levels. Additionally, we support adequate funding for Maryland's multimodal transportation system.

MAA respectfully opposes SB 590. While addressing greenhouse gas emissions is an important policy goal, this bill would direct multiple state agencies to undertake a comprehensive study on implementing an economy-wide cap-and-invest program that could fundamentally alter Maryland's regulatory and economic landscape. Such a study is premature and could lead to regulatory uncertainty for the asphalt and transportation construction industry, which is heavily regulated and already adapting to existing environmental requirements.

A broad, economy-wide cap-and-invest program could result in significant compliance costs and unintended impacts on infrastructure, transportation costs, and jobs in Maryland if implemented. Mandating a state-sponsored study without clear guardrails or industry engagement requirements risks diverting resources from current priorities such as maintaining transportation infrastructure and ensuring economic stability for local businesses. Additional, costly analyses should only move forward once there is clear legislative direction and stakeholder consensus.

For these reasons, the Maryland Asphalt Association urges the committee to **give SB 590 an unfavorable report**.

Sincerely,

Tim E. Smith. P.E.
President
Maryland Asphalt Association

SB 590_MDCC_Maryland Climate Crisis Equity Act_INF
Uploaded by: Hannah Allen
Position: INFO

MARYLAND
Chamber of Commerce

Senate Bill 590

Date: February 26, 2026
Committee: Education, Energy, and the Environment
Position: Information

Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees, and families.

Senate Bill 590 (SB 590) requires the Maryland Department of the Environment, in collaboration with the Maryland Commission on Climate Change, the Maryland Department of Transportation, and the Maryland Energy Administration, and in coordination with relevant stakeholders, to conduct a study and issue a report evaluating the potential design and impacts of an economy-wide cap-and-invest program to support the State's emissions-reduction goals and provide funding for climate-related initiatives.

In general, a cap-and-invest program sets a statewide limit on greenhouse gas emissions and requires entities to obtain allowances equal to their emissions. Those allowances are typically sold at auction, and the resulting revenue is used to fund climate-related or other policy initiatives. Over time, the emissions cap declines, effectively increasing the cost of emitting greenhouse gases.

From the business community's perspective, it is important that any discussion or study of a statewide, economy-wide cap-and-invest program fully consider potential economic and competitiveness impacts. An economy-wide program would extend beyond the electric sector and apply to a broad range of industries, many of which are already facing significant regulatory and cost pressures. The added cost of purchasing allowances would likely be passed through to energy prices, goods, and services, increasing the cost of doing business in Maryland and potentially placing in-state employers at a disadvantage compared to competitors in neighboring states without similar requirements.

Businesses are also concerned about the uncertainty associated with such a program. Key design elements, including which sectors would be covered, how allowances would be allocated, how compliance would be enforced, and how revenues would ultimately be used, would have significant implications for business planning and investment decisions. Even the prospect of a future economy-wide cap-and-invest program can create uncertainty for employers making long-term capital and workforce decisions.

Experience in other states shows that economy-wide cap-and-invest programs can impose significant costs on businesses and consumers. California's long-standing cap-and-trade program has been cited as contributing to higher fuel and energy prices. In New York, an independent fiscal watchdog has warned that a proposed economy-wide cap-and-invest program could cost $12 billion per year, with much of that cost ultimately borne by businesses and households. They also raised concerns about unresolved design and economic impacts. These examples underscore the importance of carefully evaluating the potential cost and competitiveness implications of an economy-wide approach.

In addition, administering an economy-wide cap-and-invest system would require substantial regulatory infrastructure and ongoing compliance obligations. New reporting, monitoring, and enforcement requirements could impose additional burdens, particularly on smaller businesses that may lack the resources to absorb new regulatory complexity.

As policymakers consider SB 590, it is critical that any study of a cap-and-invest program carefully evaluate not only potential emissions reductions, but also the cumulative economic impacts on employers, consumers, and the State's overall competitiveness.

We appreciate your consideration of our comments on **SB 590**.

SB0590_IndependentExpert_OttoStarzmann_INFO.pdf.pd
Uploaded by: Otto Starzmann
Position: INFO

WRITTEN TESTIMONY

Maryland Senate Bill 590

Study on Greenhouse Gas Emissions—Economy-Wide Cap-and-Invest Program

Committee: Senate Education, Energy, and the Environment Committee
Hearing date: Thursday, February 26, 2026, 1:00 p.m.
Position: INFORMATIONAL
File: SB0590_IndependentExpert_OttoStarzmann_INFO.pdf

Submitted by:
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INTRODUCTION AND QUALIFICATIONS

I respectfully submit this testimony in an informational capacity in support of the study mandate established by Senate Bill 590. I am an independent expert whose professional experience spans more than three decades at the intersection of corporate sustainability strategy, climate data governance, multi-jurisdictional regulatory design, AI governance, and the architecture of emissions accountability systems. This includes fourteen years managing environmental and social risk frameworks for major development finance projects at the World Bank and the Inter-American Development Bank across Latin America and the Caribbean—work in which the design of measurement, reporting, and verification systems for environmental commitments was an operational responsibility with direct financial, legal, and community consequences. I have provided written expert testimony to the California Air Resources Board on mandatory climate disclosure implementation, including *Scope 3* measurement methodology, emissions data verification standards, and the integration of compliance data with corporate disclosure obligations. I have no commercial interest in any particular design outcome for Maryland's cap-and-invest program.

My observations are offered to assist the committee and the Maryland Department of the Environment in ensuring that the study mandated by SB 590 is scoped with the operational rigor that Maryland's statutory climate obligations—and the communities most affected by this program—deserve.

THE URGENCY OF THIS STUDY

Maryland's *Climate Solutions Now Act* of 2022 established legally binding targets: a 60% reduction in greenhouse gas emissions below 2006 levels by 2031, and net-zero by 2045. These are not aspirational benchmarks. They are statutory obligations.

The January 2026 modelling from the University of Maryland *Center for Global Sustainability* presents findings that should inform every aspect of how this committee considers SB 590. Under current state and federal policy, Maryland is projected to achieve approximately 42% emissions reduction by 2031—not 50% as the same team projected in 2023, and critically not the 60% the law requires. The gap has widened materially and for identifiable reasons: (1) Slower-than-projected electric vehicle adoption; (2) Delayed offshore wind development; (3) Unanticipated energy demand from data centers; (4) The Shores coal plant remaining open until 2029 rather than 2025 as planned; and (5) Federal policy rollbacks—including the suspension of *Advanced Clean Cars II* and *Advanced Clean Trucks*—accounting for an additional three percentage points of projected shortfall.

Maryland is not slightly off track. It is significantly off track, and the gap is growing. MDE's own *Climate Pollution Reduction Plan* identified an economy-wide cap-and-invest program as a critical strategy to close this gap. Maryland's sixteen-year participation in the *Regional Greenhouse Gas Initiative*—which has generated over $1 billion in cumulative auction revenue reinvested in the state economy—demonstrates that Maryland has the institutional capacity, the administrative infrastructure, and the operational experience to design and run a cap-and-invest program at scale. The question before the committee is not whether such a program is feasible. The question is whether the study MDE is directed to conduct will be rigorous enough to produce a design that is durable, credible, equitable, and enforceable.

I offer five specific observations toward that end.

OBSERVATION 1: OVERBURDENED COMMUNITIES—FACILITY-SPECIFIC LIMITS REQUIRE AN EVIDENCE BASE THAT MUST BE BUILT NOW

The bill directs the study to evaluate the treatment of covered facilities located near overburdened communities—including the potential for facility-specific emissions limits more stringent than the program-wide cap. This is the most environmentally just and the most operationally complex element of the bill, and it deserves the most careful study design.

Maryland's *Climate Solutions Now Act* provides statutory definitions of "overburdened" and "underserved" communities that are among the most precise in the country. Applying those definitions to cap-and-invest program design requires a specific and currently incomplete evidence base: (1) Facility-by-facility data linking emissions profiles; (2) Pollution burden indices; (3) Proximity to defined overburdened communities; and (4) The health outcome data that demonstrates cumulative impact. Without this data architecture, facility-specific limits cannot be fairly designed, legally defended, or equitably enforced. A covered facility near an overburdened community that faces a tighter limit than a comparable facility in a less affected area must understand—and must be able to challenge—the specific evidence basis for that differential treatment.

The study should therefore include—*as a foundational component*—a systematic mapping of Maryland's covered facility universe against the overburdened community definitions in the *Climate Solutions Now Act.* This mapping should be conducted at the census tract level, using MDE's existing cumulative impact screening tools, and should produce a facility classification that is transparent, contestable, and defensible. The facility-specific limit framework cannot be fairly designed without it.

I would also draw the committee's attention to an operational lesson from development finance practice that is directly applicable here. In multilateral development bank project finance, the design of differential environmental standards for communities bearing disproportionate pollution burdens—what the World Bank calls "enhanced mitigation requirements" for projects affecting vulnerable populations—is governed by a structured community engagement protocol that produces documented community consent before differential standards are applied.

Maryland's program design should consider an analogous mechanism: Requiring that the overburdened communities whose proximity triggers facility-specific limits have meaningful input into how those limits are designed and what timelines govern their implementation. This is not simply good governance practice. It is the design choice that will determine whether facility-specific limits are seen as protective by the communities they serve, or as administratively imposed without their voice.

The study should specify the community engagement process by which facility-specific limit proposals will be developed—including the documentation required to demonstrate that affected communities have been genuinely consulted, not merely notified.

Beyond the design of facility-specific limits, the study should evaluate the framework for *ongoing cumulative impact monitoring* after the program is operational. Facility-specific limits set at program launch will reflect the emissions and health burden data available at that time. That data will change as the program operates, as industrial activity in affected areas shifts, and as health outcomes in overburdened communities evolve. A program that sets facility-specific limits without a mechanism for monitoring whether those limits are actually reducing cumulative pollution burden—and without a defined protocol for tightening limits if monitoring shows they are not achieving their protective purpose—treats environmental justice as a design feature rather than an outcome obligation.

In development finance practice, enhanced mitigation requirements for communities bearing disproportionate environmental burdens are always paired with Environmental and Social Monitoring Plans. These typically involve structured, time-bound frameworks that specify: (1) The indicators to be tracked; (2) The frequency of measurement; (3) The threshold at which adaptive management is triggered; and (4) The community reporting mechanism through which affected residents can access and contest monitoring results. Maryland's program study should design an analogous framework for overburdened communities subject to facility-specific limits—ensuring that the protective intent of the limit-setting mechanism is matched by the accountability infrastructure needed to verify that protection is being delivered.

OBSERVATION 2:
REVENUE INVESTMENT ACCOUNTABILITY—THE ARCHITECTURE MUST BE DESIGNED BEFORE THE REVENUE FLOWS

The bill directs the study to evaluate how auction revenues will be invested across a broad set of priorities: (1) Low- and moderate-income household rebates; (2) Weatherization; (3) Clean energy and efficiency programs; (4) Transportation investments; (5) Carbon removal; (6) Ecosystem resilience—including the Chesapeake Bay; (7) Community climate resilience; and (8) Workforce development.

These are the right investment priorities. But the study should also design the *accountability architecture* that ensures revenues actually reach these destinations in the amounts committed, through mechanisms that are transparent to the communities receiving them and *verifiable* by independent oversight. Revenue investment accountability is not a secondary administrative concern—it is the mechanism by which the program's equity commitments become real rather than nominal.

The design challenge here is specific and underappreciated. Cap-and-invest auction revenues are not like dedicated tax revenues. That's because they fluctuate with allowance prices, which in turn fluctuate due to the manner in which three variables interact: (1) Economic conditions; (2) Emissions trends; and (3) Permit market dynamics. A program that commits to investing a fixed proportion of revenue in overburdened community priorities must design for revenue variability—including automatic response mechanisms when revenue falls below commitment thresholds, and transparent reporting when investment targets are not met.

Maryland's own RGGI experience provides both a model and a cautionary note. The state's RGGI *Strategic Energy Investment Fund* has been one of the most successful revenue deployment mechanisms of any RGGI participant—but its annual deployment has also been subject to budget pressures and legislative diversions that periodically redirected funds away from their intended climate purposes.

An economy-wide program generating substantially larger revenues than RGGI must be designed with stronger ring-fencing, more granular investment tracking, and more accessible public reporting than the current RGGI framework provides.

The study should evaluate: (1) The governance structure for investment decisions—including the degree to which affected communities have decision-making authority rather than merely advisory roles; (2) The reporting and verification requirements that document investment outcomes, not just expenditures; and (3) The enforcement mechanism when investment commitments are not met. A program whose revenue commitments are unverifiable is a program whose equity promises are unenforceable. The study must address this *before* the program is designed.

OBSERVATION 3: THE DATA GOVERNANCE ARCHITECTURE OF A LINKED PROGRAM

The bill directs the study to evaluate whether Maryland's program should link to the California-Quebec cap-and-trade system and/or to Washington State's *Climate Commitment Act* program. The benefits of linkage are well-documented: larger, more liquid allowance markets reduce compliance costs, stabilize allowance prices, and improve the program's resilience to economic volatility. These benefits are real and the study should take them seriously.

However, there is one critical development that occurred after SB 590 was drafted and that the study must explicitly address: Washington State's *Climate Commitment Act*—named in the bill as a potential linkage partner—was repealed by voter initiative in November 2024 and is currently being wound down. The practical linkage universe available to Maryland at the time of the study may therefore be limited to the California-Quebec system. The study should assess this changed landscape directly, evaluate whether California-Quebec linkage alone provides sufficient market liquidity and price stability to meet Maryland's program objectives, and consider whether other emerging program jurisdictions—including potentially federal program developments—should be evaluated as prospective future linkage partners.

Important to note is that linkage always creates a transboundary *data governance* challenge that the existing cap-and-invest literature has systematically underexamined, and that the study must address explicitly. Here's why:

When linked programs allow covered entities to use allowances from any linked jurisdiction to satisfy compliance obligations in any other, the environmental integrity of the linked system depends entirely on the comparability of the emissions data produced by each jurisdiction's measurement, reporting, and verification framework. An allowance generated in California and surrendered for compliance in Maryland is an equivalent unit only if the tonne of CO_2 it represents was measured, reported, and verified to equivalent standards in both jurisdictions. Where MRV standards diverge—in how facility emissions are calculated, what monitoring equipment is required, how data gaps are filled, and how third-party verifiers are accredited—the allowances traded between systems do not represent equivalent climate outcomes. Linkage produces price efficiency at the cost of environmental accounting integrity.

The current MRV landscape for a Maryland linkage evaluation is specifically complex. Maryland's covered facilities currently report under RGGI's MRV protocols, which were designed for electricity generating units and are not directly applicable to the transportation, buildings, and industrial sectors that an economy-wide program would newly cover. California's MRV requirements for these sectors are more developed and more prescriptive than RGGI's—but they were designed for California's specific facility universe, regulatory authority, and enforcement infrastructure. Washington's program had been operating for only three years before the repeal and its MRV framework was still maturing.

The study should specifically evaluate: ***first,*** the current areas of divergence between RGGI protocols, California-Quebec MRV requirements, and (if resuscitated) Washington's verification standards for the sectors Maryland would newly cover; ***second,*** the governance mechanism by which compliance disputes involving cross-jurisdictional allowances would be adjudicated—including what data authority governs when Maryland's and a linked partner's MRV systems produce different emissions figures for the same covered entity; and ***third,*** the minimum data quality and independent verification standards that Maryland should require of covered facilities as a precondition for linkage eligibility.

This is not a design detail to be resolved after the program is established. The data governance architecture of a linked program must be designed before the linkage agreement is executed—because once allowances are flowing across jurisdictions, retrofitting MRV harmonization requirements is administratively and legally extremely difficult. Maryland has the opportunity in this study to define the data standards it will insist upon, rather than simply accepting the design choices of its prospective link partners.

A related data governance question that the study should address concerns the treatment of *emissions-intensive, trade-exposed industries.* The bill directs MDE to evaluate how EITI sectors are treated in program design—a question with significant competitive implications for Maryland's manufacturing, chemical, and industrial base. The evidence base for determining which industries qualify for EITI treatment, and at what protection level, is itself a data quality and verification question that deserves explicit study scope. EITI classifications are frequently made using sector-wide economic and emissions *proxies* rather than facility-specific verified data—a methodology that can both over-protect industries that are less exposed than their sector averages suggest and under-protect facilities that are more exposed. Maryland's study should specify (1) that EITI eligibility determinations be grounded in *facility-level* verified emissions and economic data, (2) that the methodology be transparent and publicly documented, and (3) that eligibility be subject to periodic reassessment as market conditions and emissions profiles change. We must recognize that an EITI framework built merely on sector proxies is an EITI framework that serves industrial lobbying interests rather than the competitive protection rationale that justifies it.

OBSERVATION 4: AI-ASSISTED EMISSIONS MEASUREMENT—GOVERNANCE REQUIREMENTS FOR MODERN MRV SYSTEMS

Modern cap-and-invest MRV systems increasingly rely on computational tools to generate the compliance data on which allowance obligations are determined. These include: (1) Continuous emissions monitoring systems; (2) AI-assisted calculation engines; (3) Satellite-based remote sensing for methane and CO_2 detection; (4) Machine-learning models for facility-level emissions estimation; and (5) Algorithmic gap-fill methodologies when monitoring equipment malfunctions or when data is missing. These technological approaches improve emissions monitoring coverage, reduce reporting burden, and can detect emissions that self-reporting

would miss. The study should evaluate their incorporation into Maryland's MRV framework as a design priority.

However, these same tools introduce a governance challenge that the study must also address in parallel: When a covered facility's compliance obligation is determined in whole or in part by an AI-assisted or algorithmically-derived emissions calculation, the facility must be able to understand, verify, and—where it has grounds—challenge that calculation.

If the pathway from raw sensor data, satellite observation, or modelled estimate to a final compliance-determining emissions figure is not transparently documented *and independently auditable,* the compliance determination rests on an evidentiary foundation that cannot be examined by the regulated entity, its counsel, or MDE's own enforcement staff.

This is not a theoretical risk. AI-assisted monitoring systems incorporate data processing steps, imputation methodologies, and model-generated estimates whose internal logic may be opaque to everyone except the system's developer. In the context of a cap-and-invest program, where a facility's compliance determination directly affects its financial obligations—and where non-compliance carries legal and financial penalties—the inability to audit an AI-generated compliance figure is a due process problem, not merely an administrative one.

The study should evaluate and recommend: (1) What algorithmic transparency and technical documentation requirements Maryland should impose on MRV systems used by covered facilities or third-party verifiers; (2) What right a covered facility should have to receive a human-readable, step-by-step explanation of any AI-generated or algorithmically-derived compliance determination; (3) What independent audit pathway MDE should maintain to verify AI-generated emissions calculations without relying solely on the verifier's assertion; and (4) What standards should govern the use of AI-generated gap-fill estimates when primary monitoring data is unavailable, including maximum allowable gap durations and mandatory disclosure thresholds.

These requirements are not novel. The right to meaningful challenge of a compliance determination is a foundational principle of American administrative law, and AI-generated compliance figures should be no exception. Even the EU's *AI Act*—currently entering its high-risk compliance phase for AI systems used in consequential regulatory determinations—provides a directly applicable governance model for transparency, technical documentation, human oversight, and audit rights in exactly this category of AI application.

Maryland need not wait for federal AI governance standards to incorporate these protections into its program design. Embedding them at the design stage is both administratively simpler and legally more defensible than retrofitting them after compliance disputes arise.

OBSERVATION 5: INTEGRATION WITH CORPORATE CLIMATE DISCLOSURE OBLIGATIONS—DESIGNING FOR THE WHOLE INFORMATION ARCHITECTURE

Maryland's covered entities under an economy-wide cap-and-invest program—its largest industrial emitters, utilities, fuel suppliers, and commercial buildings operators—are the same organizations that are simultaneously subject to a growing body of mandatory climate disclosure obligations: (1) ISSB-aligned sustainability reporting standards now operative or formally adopted in the European Union, United Kingdom, Australia, Japan, and Canada; (2) The EU's *Corporate Sustainability Reporting Directive* and its associated *European Sustainability Reporting Standards* for the many Maryland-based corporations with European operations or supply chain relationships; and (3) The disclosure expectations of international institutional investors and lenders for whom climate-aligned reporting is increasingly a condition of capital access.

These parallel obligations all require facility-level, verified emissions data. The MRV framework Maryland designs for its cap-and-invest compliance system will generate precisely this data—for every covered facility, every year, verified by an accredited third party. The question the study should address is whether that compliance data can be designed to serve both purposes simultaneously: cap-and-invest compliance and corporate disclosure, without duplicate measurement, duplicate verification, and duplicate reporting at the facility level.

The integration case is strongest—and most consequential—for *Scope 3* emissions accounting. Many of Maryland's largest covered facilities are upstream suppliers, fuel distributors, or industrial producers whose direct facility emissions appear simultaneously as their own *Scope 1* compliance obligations and as the *Scope 3* upstream emissions of their corporate customers and business partners. A cap-and-invest MRV system that produces facility-level verified emissions data in a structured, interoperable format can become the data foundation for accurate *Scope 3* accounting across Maryland supply chains—reducing the measurement inconsistency and verification gap that currently makes *Scope 3* figures the least reliable element of corporate climate disclosure.

This integration does not require redesigning the cap-and-invest program. It requires designing the MRV data architecture from the outset with disclosure compatibility in mind. That would mean: (1) Standardized data formats; (2) Structured reporting templates; and (3) Public accessibility of verified facility-level emissions data. California's Air Resources Board has moved in this direction with its *Mandatory Greenhouse Gas Reporting* regulation, which produces a publicly accessible facility-level emissions database that is used both for compliance purposes and as the primary data source for *Scope 3* accounting by California-linked supply chains. Maryland's program design should evaluate this model explicitly and consider how it can be improved upon.

The study should specifically address: (1) The data format and accessibility standards that would make Maryland's MRV data interoperable with major corporate disclosure frameworks,

including ESRS, ISSB S1/S2, and the SEC climate disclosure rule; (2) The governance framework for public access to verified facility-level emissions data; and (3) The potential for Maryland to establish itself as a leader in integrated climate data infrastructure—producing compliance data that simultaneously serves regulatory, investor, and supply chain accountability purposes.

CONCLUSION

Senate Bill 590 creates the legislative foundation for a study that is genuinely consequential for Maryland's legal obligations, economic future, and the communities that bear the greatest burden of its industrial emissions. The five design dimensions I have addressed—(1) overburdened community evidence architecture and engagement, (2) revenue investment accountability, (3) transboundary data governance for a linked program, (4) AI-assisted MRV governance, and (5) integration with corporate disclosure obligations—are not arguments for or against the program itself. They are specific operational design questions where investing rigor during the study phase will produce a more credible, more equitable, more durable, and more legally defensible program when it is ultimately implemented.

Maryland's emissions gap is real, legally mandated to close, and growing under current policy conditions. The cap-and-invest study is the right mechanism to design the most powerful tool available to close it. The committee's support for this bill—and its direction to MDE to conduct the study with the operational depth these design questions require—will determine whether Maryland's program becomes a national model for equitable, data-driven, administratively rigorous climate policy, or an instrument whose ambition exceeds its accountability architecture.

I am available to provide supplementary analysis or respond to questions from committee members or MDE staff on any aspect of these observations.

Respectfully submitted,
Otto Starzmann
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February 23, 2026