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March 4, 2026

The Honorable Marc Korman  
Chair, Environment and Transportation Committee  
250 Taylor House Office Building  
Annapolis, MD 21401

***RE: Letter of Concern – House Bill 1065 – Coal Combustion By-Product Materials – Grant Program and Procurement Preference***

Dear Chair Korman and Committee Members:

The Maryland Department of Transportation (MDOT) takes no position on House Bill 1065 but offers the following concerns for the Committee’s consideration.

HB 1065 establishes the Coal Combustion By-Product Materials Grant Program administered by the Department of the Environment to award grants to eligible manufacturers of cement, concrete, or construction materials in Maryland that use coal combustion by-products sourced in the State, and requires each unit of State government to give preference to bids that demonstrate the use of certain coal combustion by-products sourced in Maryland when awarding procurement contracts.

While the agency generally is supportive of the broader goal of environmentally responsible reuse of Coal Combustion Byproducts, the legislation establishes an in-state procurement preference that would create significant programmatic, legal, and fiscal challenges for SHA. The primary concern stems from Maryland’s inadequate material supply from local sources. Currently, SHA receives fly ash from 14 approved fly ash plants, 13 of which are in neighboring states and only one located in Maryland. Cement slag, another coal combustion by-product included in the procurement preference created by HB 1065, does not have any producing plants in Maryland.

Local plants cannot produce sufficient coal combustion by-products for the cement and concrete manufacturers that produce material for SHA projects. Due to the limited supply of coal combustion by-products in the State, the bill may lead to supply chain issues (as suppliers cannot meet demand) and cause manufacturers to establish material supply quotas, which would add significant costs to SHA projects.

The preference also creates potential legal risks. State contractors, material manufacturers, and other industries are likely to consider the procurement preference requirement unjust and pursue litigation, as it would restrict material supply sources and the ability to use different eligible materials. Additionally, SHA’s Office of Materials Technology notes the Federal Highway Administration (FHWA) is likely to consider the bill’s procurement preference requirement as too limiting, jeopardizing Maryland’s eligibility to receive federal funding for eligible projects.

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The Maryland Department of Transportation respectfully requests the Committee consider this information when deliberating House Bill 1065.

Respectfully submitted,

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