



## House Bill 1199

Date: March 4, 2026

Committee: Environment and Transportation

**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.

House Bill 1199 (HB 1199) 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 HB 1199, 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 **HB 1199**.