



HB 1199 - OPPOSE

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HB 1199 - Study on Greenhouse Gas Emissions Economy–Wide Cap–and–Invest Program (Maryland Climate Crisis Equity Act)

Environment and Transportation

March 4, 2026

Dear Chair Korman, Vice Chair Guyton, and Members of the Committee:

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

The Climate Communications Coalition opposes HB 1199.

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 usually represents one metric ton of CO₂). Industries can meet the obligations of the program simply by purchasing these allowances, the cost of which can then be passed on to the consumers. Market mechanisms generally allow industries to keep polluting, yet they can claim to be part of a “green economy”, 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 (in this case 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 at the speed we need.

We can learn from others:

- 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 being on target with 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 increased air pollution in many [Environmental Justice](#) (EJ) communities where most emission sources are placed, because 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 through command-and-control mechanisms and pay a much higher, 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 and be a missed source of funding. We suggest applying a fee per ton of GHG 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 HB 1199.

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