

Wednesday, March 4, 2026

TO: Delegate Marc Korman, Chair of the House Environment and Transportation Committee, and Committee Members

FROM: Michelle Dietz, Director of Government Relations, The Nature Conservancy; Cait Kerr, State Policy Manager, The Nature Conservancy

POSITION: Support HB1199 Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)

The Nature Conservancy (TNC) supports HB 1199 offered by Delegate Fraser-Hidalgo. 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.

HB 1199 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, HB 1199 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. HB 1199 will work to protect lives and property by

² From MCCC 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 Data is from the 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>

promoting a more sustainable and resilient future for our state through developing a roadmap to cap 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 Delegate Fraser-Hidalgo for introducing HB 1199, 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 HB 1199.**