



CHESAPEAKE BAY FOUNDATION

House Bill 1199

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

Date: March 4, 2026

To: Environment & Transportation Committee

Position: **FAVORABLE**

From: Matt Stegman,
MD Staff Attorney

The Chesapeake Bay Foundation (CBF) **SUPPORTS House Bill 1199** 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 2023¹. 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-effectiveness². Maryland has the opportunity to follow this model of success.

CBF urges the Committee's FAVORABLE report on HB 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](#)