



To: Members of the Environment and Transportation Committee
From: Environmental Defense Fund
Subject: HB1199 “Study on Greenhouse Gas Emissions Economy-Wide Cap-and-Invest Program (Maryland Climate Crisis Equity Act)”
Date: March 2, 2026

Position: Favorable with amendment

The Environmental Defense Fund appreciates the opportunity to submit testimony in support of House Bill 1199, directing the Department of the Environment, in collaboration with the Maryland Commission on Climate Change, the Department of Transportation, and the Maryland Energy Administration to complete a study evaluating the potential design and outcomes of an economy-wide cap-and-invest program that will help Maryland achieve its emissions reductions targets and provide a source of sustainable funding for the clean energy transition.

EDF is a global non-profit organization focused on tackling climate change and the world’s most challenging environmental issues. We have more than three million members globally, including more than 50,000 Marylanders.

Cap-and-Invest Can Support Climate Progress and Energy Affordability

Maryland has been a leader for many years in taking action to address climate change while delivering health and economic benefits to its residents. Maryland’s Climate Solutions Now Act (CSNA) establishes some of the most ambitious climate pollution reduction goals in the country, in line with what science suggests is necessary to mitigate the worst impacts of climate change. This includes a requirement to cut climate pollution by at least 60% from 2006 levels by 2031 and achieve net-zero emissions by 2045.

An economy-wide cap-and-invest program would be a powerful tool to put Maryland on track to reaching these statutory targets and at the same time establish a significant new revenue source that can be flexibly used to support energy affordability particularly for low- and moderate-income households, economic development, environmental justice, resilience, and other identified priorities.

EDF has worked on market-based climate policies like cap-and-invest for decades across dozens of states and countries. Through that experience and research, EDF has found that these flexible, market-based policies can be designed to support cost-effective emissions reductions and promote energy affordability:

1. By establishing an enforceable, declining limit across all major emission sources, cap-and-invest can **maximize certainty of reaching climate targets**.
2. Cap-and-invest can support and complement other climate and clean energy policies by providing a consistent price signal for reducing GHG emissions, thereby ensuring **no cost-effective emission reduction opportunity is missed**. In other words, a cap-and-invest program, complementing sector-specific climate policies, would support the most cost-effective path to meeting Maryland’s climate goals.

3. **Cap-and-invest revenues and allowance value can be flexibly directed to ensure consumers see net savings benefits from the program.** For example, investments can fund bill credits or rebates for low- and moderate-income households and simultaneously scale up clean energy, efficiency, and electrification programs that help consumers quickly and cheaply access clean energy and efficiency upgrades that will cut their energy costs year over year.

Proven Approach to Cutting Polluting and Driving Energy Affordability & Investments in Communities

Cap-and-invest is a proven approach to cutting emissions and investing in communities, as Maryland knows firsthand from its participation for over a decade in the Regional Greenhouse Gas Initiative. While this regional cap-and-invest program cuts emissions from power plants, expanding this tool economy-wide in Maryland would help to ensure all sectors are on track to meet the CSNA targets while providing an important new revenue source to support energy affordability and create economic opportunity in communities.

Other climate leadership states like California and Washington have adopted economy-wide cap-and-invest programs that are driving billions of dollars of investments every year in projects to promote energy affordability, drive down climate and air pollution, and support economic benefits and resiliency in communities. Both programs prioritize investments in low-income communities and communities overburdened by pollution and most impacted by climate change. This policy approach is also being studied or considered by legislatures and regulators in several other states. Evidence and analysis of existing and emerging cap-and-invest programs clearly demonstrates the cost-savings and economic benefits of these policies, which could similarly be realized in Maryland. For example:

1. California's Cap-and-Invest program has generated over [\\$30 billion in climate and community investments](#) since 2013 and directed [\\$16 billion to reduce household energy costs](#) through utility bill credits. As a result, the legislature voted to extend the program in September 2025. Research from EDF and Greenline Insights shows that investments from California's newly reauthorized cap-and-invest program are projected to provide [\\$232 million in net savings for California families](#) from 2031 to 2045. Lower income families stand to gain the most in terms of affordability benefits, with families earning \$70,000 or less projected to receive \$3.9 billion.¹ And, the program is projected to create 287,000 new jobs and generate \$55 billion in economic activity over the same time horizon.
2. Washington's cap-and-invest program is projected to create [40,000 jobs and unlock \\$9 billion in economic growth](#). Importantly, the jobs created via these investments are projected to be good, family-sustaining jobs: the average salary of such jobs is estimated to be \$91,000, which is 9% higher than the state median wage.

¹ These net savings account for the combined effects of allowance prices, utility bill credits, and climate investments. Savings results are also before accounting for improved energy efficiency and reduced fuel consumption from clean energy adoption, which would significantly amplify household savings over time.



3. Investments of RGGI proceeds across the region are projected to yield over \$20 billion in energy bill savings, a 4:1 energy bill savings return for every dollar invested.
4. New York's proposed cap-and-invest program is projected to deliver \$6.9 billion in net savings for households earning up to \$200,000 – nearly 85% of households – in its first decade. Investments from the program would also yield 300,500 jobs and \$47.5 billion in statewide economic growth over the same period.

In addition to household affordability and economic benefits, these programs deliver pollution cuts associated with massive avoided public health costs. For instance, the RGGI program yielded over \$5.7 billion in public health benefits in its first six years alone.

Amid the current energy affordability crisis facing Marylanders, and at an essential moment for states to lead the way on reducing harmful climate and air pollution, this is the right moment for Maryland to study and ultimately advance a powerful policy that can deliver on both fronts.

Given the urgency to both reduce climate pollution in line with Maryland's statutory targets and to shield families from rising energy costs, EDF proposes amending the deadline for the study to no later than June 1, 2027:

- Sec 1 (f): *On or before [June 1] ~~December 31, 2027~~, the Department shall submit the report required under this section to the General Assembly, in accordance with § 2–1257 of the State Government Article.*

HB1199 represents an important step for Maryland on its road towards achieving its climate targets, promoting energy affordability, and driving investments to support safer, healthier communities. EDF respectfully urges a favorable report with amendment on HB1199.