

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 503 (Delegate P. Young)
Environment and Transportation

Environment - Office on Climate Change - Establishment

This bill establishes the Office on Climate Change (OCC) within the Office of the Governor. The purpose of OCC is to (1) facilitate the implementation of the Maryland Department of the Environment's (MDE) Maryland Commission on Climate Change's (MCCC) recommendations; (2) ensure that each State agency considers and addresses climate change as it relates to the agency and its operations; (3) initiate and oversee, as necessary, climate change research and investigations, as specified; (4) assist local governments in the development of local climate change plans; and (5) report annually to the Governor and the General Assembly regarding the State's efforts to mitigate the causes of, prepare for, and adapt to the consequences of climate change. The bill enumerates specified responsibilities for OCC.

Fiscal Summary

State Effect: The Governor's Office plans to implement the bill with existing resources, as discussed below. State revenues are not directly affected.

Local Effect: To the extent that local governments are responsible for developing local climate change plans, local expenditures may increase, potentially significantly, as discussed below. Local revenues are not directly affected, but could be affected to the extent OCC identifies resources for local governments to implement local climate change plans.

Small Business Effect: None. Small businesses are not directly affected.

Analysis

Bill Summary: OCC must (1) coordinate with MCCC to ensure the commission's recommendations are implemented; (2) ensure that each State agency addresses ways the agency can mitigate the causes of climate change and the impacts of climate change in the agency's programs, policies, and financial expenditures; (3) initiate and oversee any additional research or investigations OCC determines are necessary to address factors that it determines are substantial in fighting climate change, but are not included in MCCC's recommendations; and (4) work with local governments to develop and implement local climate change plans and identify resources needed for the implementation of such plans.

OCC must also submit an annual report to the Governor, the General Assembly, and specified committees of the General Assembly regarding the State's efforts to mitigate the causes of, prepare for, and adapt to the consequences of climate change.

Current Law:

Maryland Commission on Climate Change

MCCC, originally created by executive order, was codified in statute pursuant to Chapter 429 of 2015 to advise the Governor and the General Assembly on ways to mitigate the causes of, prepare for, and adapt to the consequences of climate change. MCCC is required to submit annual updates to the Governor and the General Assembly on the State's efforts to mitigate the causes of, prepare for, and adapt to the consequences of climate change, including any future plans and recommendations for legislation. MDE and the Department of Natural Resources (DNR) jointly staff the commission.

Statute specifies that MCCC must establish a scientific and technical working group; a greenhouse gas (GHG) mitigation working group; an adaptation and response working group; and an education, communication, and outreach working group; MCCC is authorized to establish other working groups as needed. MCCC is required to prioritize specific working group actions, such as developing broad public and private partnerships with local, State, and federal agencies; addressing any disproportionate impacts of climate change on low-income and vulnerable communities; and assessing the impacts that climate change may have on the State's economy, revenues, and investment decisions, among other things.

Each State agency is also required to review its planning, regulatory, and fiscal programs to identify and recommend actions to more fully integrate the consideration of the State's GHG reduction goal and the impacts of climate change. Each agency must identify and recommend specific policy, planning, regulatory, and fiscal changes to existing programs

that do not currently support the State's GHG emissions reduction efforts or address climate change.

Specified State agencies are also required to annually report to the commission and the Governor on the status of programs that support the State's GHG emissions reduction efforts or address climate change.

The Maryland Department of the Environment's Climate Change Program

MDE's Climate Change Program leads the State's efforts to reduce GHG emissions, as required by the GHG Emissions Reduction Act and participation and oversight in other initiatives, including the Regional Greenhouse Gas Initiative (RGGI) and MCCC.

The GHG Emissions Reduction Act, originally enacted in 2009 and made permanent and expanded in 2016, was enacted in light of Maryland's particular vulnerability to the impacts of climate change. Under the Act, the State was required to develop plans, adopt regulations, and implement programs to GHG emissions by 25% from 2006 levels by 2020 and must further reduce GHG emissions by 40% from 2006 levels by 2030; the 2030 reduction requirement terminates December 31, 2023. In October 2019, MDE released a draft plan to reach the 2030 reduction requirement.

Maryland also participates in the multi-state RGGI in order to reduce carbon dioxide (CO₂) emissions from the power sector. Each participating state limits CO₂ emissions from electric power plants, issues CO₂ allowances, and establishes participation in CO₂ allowance auctions. A single CO₂ allowance represents a limited authorization to emit one ton of CO₂.

State Expenditures: The Governor's Office advises that it intends to use existing budgeted resources to implement the bill, primarily by providing a coordinating/oversight role and facilitating the existing work that is being conducted by MCCC, MDE, DNR, the Maryland Energy Administration, and other State agencies that are involved in the State's effort to reduce GHG emissions. To that end, the Governor's Office advises that it does not intend to develop a comprehensive office that conducts hands on research or the development of climate change plans. To the extent that a more robust effort is required, general fund expenditures for the Governor's Office increase to hire additional staff, conduct additional research, and provide assistance to affected State and local agencies. For contextual purposes, MDE notes that it spends approximately \$3.0 million annually to implement its Climate Change Program.

It is assumed that other State agencies can coordinate with OCC as needed; however, agency workloads increase to do so.

Local Fiscal Effect: While the bill does not explicitly require local governments to develop local climate change plans, it directs OCC to work with local governments to develop and implement such plans. Depending on the level of assistance provided by OCC, local expenditures could increase to develop local climate change plans. Depending on the complexity of the plans and the extent to which local governments are already involved in developing such plans, costs could be significant. On the other hand, local governments could benefit if OCC provides assistance with the development of local climate change plans and from any resources identified to assist with the implementation of those plans.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 518 (Senator Klausmeier) (By Request - Baltimore County Administration) - Education, Health, and Environmental Affairs.

Information Source(s): Baltimore, Carroll, Harford, Montgomery, and St. Mary's counties; towns of Bel Air and Leonardtown; Department of Commerce; Governor's Office; Judiciary (Administrative Office of the Courts); Baltimore City Community College; University System of Maryland; Public School Construction Program; Maryland Department of Agriculture; Maryland Department of the Environment; Department of General Services; Maryland Department of Health; Department of Housing and Community Development; Department of Natural Resources; Department of Public Safety and Correctional Services; Board of Public Works; Maryland Department of Transportation; Maryland State Archives; Maryland Energy Administration; Maryland Food Center Authority; Military Department; Public Service Commission; Department of Legislative Services

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Analysis by: Kathleen P. Kennedy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510