

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 147 (Delegate Fraser-Hidalgo)
 Environment and Transportation

Environment - Climate Crisis Plan - Requirement

This bill requires each county to prepare a climate crisis plan and submit it to the Maryland Department of the Environment (MDE) for review by June 1, 2024. The bill establishes the minimum required contents of the plan as well as requirements each county must follow in preparing its plan. MDE must provide feedback to each county by November 1, 2024, and each county must address the feedback and finalize its plan by January 1, 2025. Each county also must post its final plan online and review and update its plan at least once every three years. **The bill takes effect June 1, 2023.**

Fiscal Summary

State Effect: No effect in FY 2023. General fund expenditures increase by \$70,200 in FY 2024; future years reflect annualization, inflation, and ongoing costs. Revenues are not directly affected.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	70,200	83,000	86,600	90,500	95,300
Net Effect	(\$70,200)	(\$83,000)	(\$86,600)	(\$90,500)	(\$95,300)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: County expenditures increase significantly, as early as FY 2023, to develop, update, and implement the climate crisis plans. Revenues are not directly affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The General Assembly finds that requiring each county to prepare a climate crisis plan (1) is a critical step in responding to the climate crisis and (2) will reduce the differential impacts of and damage caused by climate change.

Each county climate crisis plan must address, at a minimum (1) increasing the county's use of renewable energy; (2) expanding or establishing residential and commercial energy efficiency programs, as specified; (3) reducing energy consumption in commercial, government, and residential buildings; (4) reducing and eliminating the use of fossil fuels in the design of new buildings; (5) retrofitting existing buildings to become 100% electric; (6) transitioning all vehicles owned or operated by the county to zero-emission vehicles and increasing the availability of electric vehicle charging stations, as specified; (7) encouraging the use of nonfossil fuel vehicles; (8) providing clean, efficient, and reliable public transportation; (9) designing and implementing safe infrastructure to promote alternative modes of transportation; (10) conducting a baseline greenhouse gas (GHG) emissions inventory of existing conditions and establishing GHG reduction targets; (11) sequestering carbon dioxide through specified means; (12) developing a plan for identifying the communities and infrastructure most vulnerable to the effects of climate change; (13) developing a plan for addressing the impacts of climate change on vulnerable communities, as specified; (14) adaptation strategies; and (15) costs to implement the plan.

In preparing a climate crisis plan, each county must (1) develop its plan in a manner that complements applicable State and federal guidance and programs on climate plans; (2) prioritize actions that will have the most meaningful impact on addressing the effects of climate change in the county; (3) hold at least two public hearings; and (4) provide an opportunity for public comment.

By June 1, 2024, each county must submit its climate crisis plan to MDE to ensure the plan proposes meaningful actions for addressing the items specified in the bill. MDE must provide feedback to each county by November 1, 2024. Each county must address the feedback provided by MDE, finalize its climate crisis plan by January 1, 2025, and post the final plan online. Each county must review and update its plan at least once every three years.

Current Law: There is no statewide requirement for counties to develop, submit, or implement climate crisis plans. However, counties are statutorily required to develop and submit several other types of plans. Several of these examples are discussed below.

Local Comprehensive Plans

Local jurisdictions are required to enact, adopt, amend, and execute a comprehensive plan that includes specified visions and elements. The visions address quality of life and sustainability, public participation, growth areas, community design, infrastructure, transportation, housing, economic development, environmental protection, resource conservation, stewardship, and implementation. At least once every 10 years, each local jurisdiction must review its comprehensive plan and, if necessary, revise or amend the plan. Local comprehensive plans are submitted to the Maryland Department of Planning (MDP) for review for consistency with the State's Smart Growth and growth management laws.

Local Nuisance Flooding Plans

Additionally, any local jurisdiction that experiences nuisance flooding is required to develop a plan to address the nuisance flooding and submit the plan to MDP. These plans must be updated at least every five years, and plans must be published online. MDP and MDE are tasked with developing and publishing guidelines to assist local jurisdictions with the collection of data to establish nuisance flooding baselines for use with developing the plans.

Local and State Hazard Mitigation Plans

The Federal Emergency Management Agency (FEMA) administers several hazard mitigation grant programs. The general purpose of these federal grant programs is to reduce the vulnerability of communities to disasters and their effects and to lessen the response and recovery resources required after a disaster. FEMA requires state and local governments to develop and adopt hazard mitigation plans as a condition for receiving specified nonemergency disaster assistance, including funding for hazard mitigation assistance projects. Among other things, local plans must include a risk assessment, a mitigation strategy, and a plan maintenance process. Plans must be submitted to the state hazard mitigation officer (the Maryland Department of Emergency Management (MDEM) in Maryland) and then the state sends the plans to the appropriate FEMA Regional Office for formal review and approval.

MDEM published the *Maryland Hazard Mitigation Plan* in August 2021, and the plan has been approved by FEMA. All of Maryland's counties (including Baltimore City) also have local hazard management plans; however, according to a [State map](#) available on MDEM's Hazard Mitigation Branch website, several of the local plans are expired or will expire soon.

Maryland Greenhouse Gas Emissions Reduction Targets and the Climate Solutions Now Act

The Climate Solutions Now Act (CSNA) (Chapter 38 of 2022) made broad changes to the State’s approach to reducing statewide GHG emissions and addressing climate change. Among other things, CSNA accelerated previous statewide GHG emissions reductions targets originally established under the Greenhouse Gas Emissions Reduction Act by requiring the State to develop plans, adopt regulations, and implement programs to (1) reduce GHG emissions by 60% from 2006 levels by 2031; and (2) achieve net-zero statewide GHG emissions by 2045. The net-zero requirement terminates June 30, 2030.

Maryland Department of the Environment – General Duties

The Secretary of the Environment must carry out and enforce the provisions of the Environment Article and the rules and regulations adopted under the article. The Secretary is authorized to delegate duties, powers, and functions to a health officer for a county or to another county official authorized to administer and enforce environmental laws.

State Expenditures: General fund expenditures increase by \$70,211 in fiscal 2024, which accounts for a 120-day start-up delay. This estimate reflects the cost of hiring one natural resources planner within MDE to (1) review and analyze initial county climate crisis plans; (2) provide feedback to counties; (3) assist counties with plan implementation, as necessary; and (4) review updated plans. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- the climate crisis plans are comprehensive and technical, and an effective review and analysis of the plans requires dedicated staff;
- the plans must be updated on an ongoing basis, requiring permanent staff; and
- existing staff at MDE are fully subscribed.

Position	1.0
Salary and Fringe Benefits	\$62,802
Operating Expenses	<u>7,409</u>
Total FY 2024 State Expenditures	\$70,211

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses. This estimate assumes that there are sufficient ongoing responsibilities for MDE to justify a dedicated full-time, permanent position. To the extent that MDE’s ongoing responsibilities (between initial and updated plan submissions) are not substantial, MDE may be able to hire contractual staff instead.

This analysis assumes MDE requires additional general funds to implement the bill. To the extent that there is funding available from the Strategic Energy Investment Fund to supplement implementation costs, general fund expenditures may be less.

Local Expenditures: County expenditures increase, likely significantly for some, as early as fiscal 2023 to develop the climate crisis plans. Counties also incur costs to review and update their plans at least once every three years. County expenditures increase *significantly* further to implement the plans. A reliable estimate of the total costs resulting from the bill cannot be made at this time, but for some counties, the costs to develop the plan alone could exceed \$1.0 million.

Plan development costs likely vary by county and depend on MDE's review criteria, whether a county already has a similar plan or components of the plan in place, and whether a county has the expertise to develop the plan with existing staff or must hire a consultant to do so. In particular, smaller counties with less sophisticated planning departments likely need to hire consultants to develop and update their plans. According to MDEM, there is some overlap between what is required under the bill and what is included in local hazard mitigation plans, at least in some local jurisdictions.

Carroll County notes that without hiring a contractor to conduct an appropriate impact study, a reliable estimate of the costs to develop the required plans cannot be made. Even so, the county anticipates that hiring a vendor will cost between \$50,000 to \$75,000, and that out-year costs are significant.

Prince George's County estimates that implementation costs are \$9.3 million in the first year and at least \$8.2 million thereafter and that the county must hire consultants to evaluate electrical service in county-owned buildings, evaluate heating, ventilation, and air conditioning (HVAC) systems, and upgrade electrical and HVAC systems for all county buildings. The Prince George's Health Department notes that the county already has a climate action plan that contains most but not all required elements.

As noted above, once the climate crisis plans have been finalized, costs to implement them are significant. However, a reliable estimate of the total increase in costs cannot be predicted in advance.

Small Business Effect: Small businesses that are hired by counties to develop the climate crisis plans (or components of them) benefit from an increase in the demand for their services. As noted above, the development of the plans is a substantial effort, and many counties likely need to hire consultants to do the work.

Once plans begin to be implemented, there are likely significant impacts on small businesses in the State. Any effects on small businesses resulting from the implementation of the plans cannot be estimated beforehand.

Additional Information

Prior Introductions: Similar legislation has been introduced within the last three years. See HB 695 and SB 552 of 2022.

Designated Cross File: SB 250 (Senator Kramer) - Education, Energy, and the Environment.

Information Source(s): Caroline and Prince George's counties; Maryland Association of Counties; Maryland Department of Emergency Management; Maryland Department of the Environment; Department of Natural Resources; Maryland Department of Planning; Maryland Department of Transportation; Maryland Energy Administration; Public Service Commission; Baltimore City Public Schools; Baltimore County Public Schools; Montgomery County Public Schools; Department of Legislative Services

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