

HOUSE BILL 516

M3, M5
HB 171/22 – ECM & ENT

4lr2785
CF 4lr1057

By: **Delegates Fennell, Charkoudian, Harris, Martinez, Patterson, and Turner**

Introduced and read first time: January 24, 2024

Assigned to: Economic Matters and Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Climate Crisis and Environmental Justice Act of 2024**

3 FOR the purpose of establishing the Climate Crisis Initiative in the Department of the
4 Environment to provide for the assessment of greenhouse gas pollution fees, the
5 provision of certain benefits to households and employers, and the funding of certain
6 climate-related activities; providing for the collection and use of certain greenhouse
7 gas pollution fees; establishing the Household and Employer Benefit Fund and the
8 Climate Crisis Infrastructure Fund as special, nonlapsing funds; requiring interest
9 earnings of the funds to be credited to the funds; requiring the Secretary of the
10 Environment, in consultation with certain units of State government, to identify
11 certain measures and programs related to the provision of low-income energy
12 assistance and improvements in the energy efficiency of certain renter-occupied
13 dwellings; and generally relating to the establishment of the Climate Crisis
14 Initiative and the collection and use of greenhouse gas pollution fees.

15 BY adding to

16 Article – Environment

17 New part designation “Part I. Statewide Inventory and Emissions Reduction Plan”
18 to immediately precede Section 2-1201; and Section 2-1215 through 2-1224
19 to be under the new part “Part II. Climate Crisis Initiative”

20 Annotated Code of Maryland

21 (2013 Replacement Volume and 2023 Supplement)

22 BY repealing and reenacting, without amendments,

23 Article – Environment

24 Section 2-1201

25 Annotated Code of Maryland

26 (2013 Replacement Volume and 2023 Supplement)

27 BY repealing and reenacting, without amendments,

28 Article – State Finance and Procurement

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 6–226(a)(2)(i)
2 Annotated Code of Maryland
3 (2021 Replacement Volume and 2023 Supplement)

4 BY repealing and reenacting, with amendments,
5 Article – State Finance and Procurement
6 Section 6–226(a)(2)(ii)189. and 190.
7 Annotated Code of Maryland
8 (2021 Replacement Volume and 2023 Supplement)

9 BY adding to
10 Article – State Finance and Procurement
11 Section 6–226(a)(2)(ii)191. and 192.
12 Annotated Code of Maryland
13 (2021 Replacement Volume and 2023 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That the Laws of Maryland read as follows:

16 **Article – Environment**

17 **PART I. STATEWIDE INVENTORY AND EMISSIONS REDUCTION PLAN.**

18 2–1201.

19 The General Assembly finds that:

20 (1) Greenhouse gases are air pollutants that threaten to endanger the
21 public health and welfare of the people of Maryland;

22 (2) Global warming poses a serious threat to the State’s future health,
23 well-being, and prosperity;

24 (3) With 3,100 miles of tidally influenced shoreline, Maryland is vulnerable
25 to the threat posed by global warming and susceptible to rising sea levels and flooding,
26 which would have detrimental and costly effects;

27 (4) The State has the ingenuity to reduce the threat of global warming and
28 make greenhouse gas reductions a part of the State’s future by achieving a 25% reduction
29 in greenhouse gas emissions from 2006 levels by 2020 and by preparing a plan to meet a
30 longer-term goal of achieving net-zero statewide greenhouse gas emissions by 2045 in a
31 manner that promotes new “green” jobs, and protects existing jobs and the State’s economic
32 well-being;

33 (5) Studies have shown that energy efficiency programs and technological
34 initiatives consistent with the goal of reducing greenhouse gas emissions can result in a net
35 economic benefit to the State;

1 (6) In addition to achieving the reduction established under this subtitle,
2 it is in the best interest of the State to act early and aggressively to achieve the Maryland
3 Commission on Climate Change's recommended goals of reducing greenhouse gas
4 emissions by 10% from 2006 levels by 2012 and by 15% from 2006 levels by 2015;

5 (7) While reductions of harmful greenhouse gas emissions are one part of
6 the solution, the State should focus on developing and utilizing clean energies that provide
7 greater energy efficiency and conservation, such as renewable energy from wind, solar,
8 geothermal, and bioenergy sources;

9 (8) It is necessary to protect the public health, economic well-being, and
10 natural treasures of the State by reducing harmful air pollutants such as greenhouse gas
11 emissions by using practical solutions that are already at the State's disposal;

12 (9) Cap and trade regulation of greenhouse gas emissions is most effective
13 when implemented on a federal level;

14 (10) Because of the need to remain competitive with manufacturers located
15 in other states or countries and to preserve existing manufacturing jobs in the State,
16 greenhouse gas emissions from the manufacturing sector are most effectively regulated on
17 a national and international level; and

18 (11) Because of the need to remain competitive with other states,
19 greenhouse gas emissions from certain other commercial and service sectors, including
20 freight carriers and generators of electricity, are most effectively regulated on a national
21 level.

22 **2-1213. RESERVED.**

23 **2-1214. RESERVED.**

24 **PART II. CLIMATE CRISIS INITIATIVE.**

25 **2-1215.**

26 (A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS
27 INDICATED.

28 (B) "ADMINISTRATION" MEANS THE MARYLAND ENERGY
29 ADMINISTRATION.

30 (C) "ADULT RESIDENT" MEANS A RESIDENT OF THE STATE WHO IS AT LEAST
31 18 YEARS OLD.

1 (D) "BENEFIT FUND" MEANS THE HOUSEHOLD AND EMPLOYER BENEFIT
2 FUND ESTABLISHED UNDER § 2-1220 OF THIS SUBTITLE.

3 (E) "DISPROPORTIONATELY AFFECTED COMMUNITY" MEANS A
4 COMMUNITY DISPROPORTIONATELY AFFECTED BY CLIMATE IMPACTS, AS
5 IDENTIFIED BY THE METHODOLOGY RECOMMENDED BY THE COMMISSION ON
6 ENVIRONMENTAL JUSTICE AND SUSTAINABLE COMMUNITIES UNDER § 1-702 OF
7 THIS ARTICLE.

8 (F) "EMPLOYER" MEANS A PERSON, A GOVERNMENTAL UNIT, OR ANY
9 OTHER ENTITY THAT HAS EMPLOYEES WORKING IN THE STATE.

10 (G) "FOSSIL FUEL" MEANS:

11 (1) NATURAL GAS;

12 (2) PETROLEUM;

13 (3) COAL; AND

14 (4) ANY SOLID, LIQUID, OR GASEOUS FUEL DERIVED FROM ITEM (1),
15 (2), OR (3) OF THIS SUBSECTION.

16 (H) "FUGITIVE EMISSIONS" MEANS EMISSIONS OF GREENHOUSE GASES
17 FROM EQUIPMENT, INCLUDING PIPELINES, DUE TO LEAKS OR OTHER UNINTENDED
18 OR IRREGULAR RELEASES.

19 (I) "GREENHOUSE GAS POLLUTION FEE" OR "FEE" MEANS A FEE IMPOSED
20 ON EACH CARBON DIOXIDE EQUIVALENT UNDER THIS PART.

21 (J) "INFRASTRUCTURE FUND" MEANS THE CLIMATE CRISIS
22 INFRASTRUCTURE FUND ESTABLISHED UNDER § 2-1221 OF THIS SUBTITLE.

23 (K) "INITIATIVE" MEANS THE CLIMATE CRISIS INITIATIVE ESTABLISHED
24 UNDER THIS PART.

25 (L) (1) "LIFE-CYCLE EMISSIONS" MEANS GREENHOUSE GAS EMISSIONS
26 THAT ARE RELEASED DURING PHASES OF A FUEL'S OR OTHER PRODUCT'S LIFE.

27 (2) "LIFE-CYCLE EMISSIONS" INCLUDES GREENHOUSE GAS
28 EMISSIONS RELEASED DURING EXTRACTION, PROCESSING, TRANSPORTATION, AND
29 DISPOSAL ACTIVITIES.

1 (M) "MINOR RESIDENT" MEANS A RESIDENT OF THE STATE WHO IS UNDER
2 THE AGE OF 18 YEARS.

3 (N) "QUINTILE 1" MEANS THE 20% OF HOUSEHOLDS WITH PRE-TAX
4 INCOMES THROUGH THE 20TH PERCENTILE OF ALL HOUSEHOLDS IN THE STATE.

5 (O) "QUINTILE 2" MEANS THE 20% OF HOUSEHOLDS WITH PRE-TAX
6 INCOMES ABOVE THE 20TH PERCENTILE THROUGH THE 40TH PERCENTILE OF ALL
7 HOUSEHOLDS IN THE STATE.

8 (P) "QUINTILE 3" MEANS THE 20% OF HOUSEHOLDS WITH PRE-TAX
9 INCOMES ABOVE THE 40TH PERCENTILE THROUGH THE 60TH PERCENTILE OF ALL
10 HOUSEHOLDS IN THE STATE.

11 (Q) "QUINTILE 4" MEANS THE 20% OF HOUSEHOLDS WITH PRE-TAX
12 INCOMES ABOVE THE 60TH PERCENTILE THROUGH THE 80TH PERCENTILE OF ALL
13 HOUSEHOLDS IN THE STATE.

14 (R) "QUINTILE 5" MEANS THE 20% OF HOUSEHOLDS WITH PRE-TAX
15 INCOMES ABOVE THE 80TH PERCENTILE OF ALL HOUSEHOLDS IN THE STATE.

16 2-1216.

17 (A) THERE IS A CLIMATE CRISIS INITIATIVE IN THE DEPARTMENT.

18 (B) THE PURPOSE OF THE INITIATIVE IS TO PROVIDE FOR:

19 (1) THE ASSESSMENT OF GREENHOUSE GAS POLLUTION FEES;

20 (2) THE PROVISION OF BENEFITS TO HOUSEHOLDS AND EMPLOYERS
21 IN THE STATE TO MITIGATE THE IMPACT OF FEES UNDER THE INITIATIVE; AND

22 (3) THE FUNDING OF ACTIVITIES FOR GREENHOUSE GAS EMISSIONS
23 REDUCTION AND SEQUESTRATION, IMPROVEMENTS IN RESILIENCY, AND THE
24 PROMOTION OF A JUST ECONOMIC TRANSITION IN THE STATE.

25 2-1217.

26 (A) THE SECRETARY SHALL ADMINISTER THE SCHEDULES OF GREENHOUSE
27 GAS POLLUTION FEES UNDER THIS PART.

28 (B) THE SECRETARY MAY DELEGATE ANY APPROPRIATE FUNCTIONS TO
29 THE COMPTROLLER UNDER THIS PART, SUCH AS THE COLLECTION OF GREENHOUSE

1 GAS POLLUTION CHARGES AND THE DISTRIBUTION OF BENEFITS.

2 (C) THE COMPTROLLER SHALL CARRY OUT ALL FUNCTIONS THE
3 SECRETARY DELEGATES TO THE COMPTROLLER UNDER THIS PART.

4 2-1218.

5 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A
6 GREENHOUSE GAS POLLUTION FEE SHALL BE COLLECTED ON ALL FOSSIL FUELS
7 BROUGHT INTO THE STATE FOR COMBUSTION IN THE STATE.

8 (2) NOTWITHSTANDING ANY OTHER LAW, A GREENHOUSE GAS
9 POLLUTION FEE MAY NOT BE IMPOSED ON ANY GREENHOUSE-GAS-PRODUCING
10 SUBSTANCE:

11 (I) THAT WILL BE USED TO GENERATE ELECTRICITY; OR

12 (II) IF THE IMPOSITION IS SUPERSEDED BY FEDERAL LAW OR
13 REGULATION.

14 (B) SUBJECT TO SUBSECTION (C) OF THIS SECTION, THE FEE ASSESSED PER
15 TON OF CARBON DIOXIDE EQUIVALENT ON:

16 (1) NONTRANSPORTATION FUELS SHALL:

17 (I) BE \$25 IN 2025;

18 (II) INCREASE BY \$5 EACH YEAR THEREAFTER THROUGH 2034;

19 AND

20 (III) BE \$75 IN 2035 AND EACH YEAR THEREAFTER; AND

21 (2) TRANSPORTATION FUELS SHALL:

22 (I) BE \$25 IN 2025;

23 (II) INCREASE BY \$3 EACH YEAR THEREAFTER THROUGH 2034;

24 AND

25 (III) BE \$52 IN 2035 AND EACH YEAR THEREAFTER.

26 (C) IF THE FEES AND BENEFITS UNDER THIS PART TAKE EFFECT IN A
27 CALENDAR YEAR LATER THAN 2025, THE SECRETARY SHALL DELAY THE SCHEDULE

1 OF FEES UNDER SUBSECTION (B) OF THIS SECTION BY THE SAME NUMBER OF YEARS.

2 (D) (1) THE FEE ON FOSSIL FUELS TO BE COMBUSTED IN THE STATE
3 SHALL BE:

4 (I) COLLECTED AT THE FOSSIL FUEL'S FIRST POINT OF SALE IN
5 THE STATE; AND

6 (II) PAID BY THE ENTITY TRANSPORTING THE FOSSIL FUEL
7 INTO THE STATE.

8 (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE
9 ANNUAL TOTAL OF FEES PAID BY AN ENTITY TRANSPORTING PETROLEUM
10 PRODUCTS INTO THE STATE UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE
11 REDUCED BY AN AMOUNT EQUAL TO THE ANNUAL TOTAL OF EMISSIONS
12 COMPLIANCE COST OBLIGATIONS THE PETROLEUM PRODUCT IS SUBJECT TO UNDER
13 REGIONAL INITIATIVES, INCLUDING THE TRANSPORTATION AND CLIMATE
14 INITIATIVE, FOR THE SAME YEAR.

15 (II) THE AMOUNT DEDUCTED UNDER SUBPARAGRAPH (I) OF
16 THIS PARAGRAPH MAY NOT EXCEED THE TOTAL AMOUNT OF THE FEE CALCULATED
17 UNDER SUBSECTION (B) OF THIS SECTION.

18 (3) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A
19 FEE COLLECTED UNDER THIS SECTION MAY NOT BE PASSED THROUGH AS A DIRECT
20 COST TO:

21 1. AN END USER OF A FOSSIL FUEL; OR

22 2. A CUSTOMER OF A GAS COMPANY.

23 (II) THIS PARAGRAPH DOES NOT PROHIBIT THE PASSING
24 THROUGH TO A CUSTOMER OF A FEE COLLECTED UNDER THIS SECTION ON NATURAL
25 GAS DISTRIBUTED BY A GAS COMPANY ONLY TO THE EXTENT THAT THE PUBLIC
26 SERVICE COMMISSION APPROVES THE FEE AS A PRUDENTLY INCURRED COST OF
27 DISTRIBUTION.

28 (E) (1) A LOCAL DISTRIBUTION COMPANY FOR NATURAL GAS SHALL PAY
29 THE FEE FOR ALL NATURAL GAS THAT THE COMPANY DISTRIBUTES FOR
30 COMBUSTION IN THE STATE.

31 (2) THE FEE UNDER THIS SUBSECTION SHALL BE CALCULATED BY
32 MULTIPLYING THE NUMBER OF CUBIC FEET OF NATURAL GAS USED BY EACH

1 CUSTOMER BY THE AMOUNT OF CARBON DIOXIDE EQUIVALENTS RELEASED BY
2 BURNING 1 CUBIC FOOT OF NATURAL GAS, AS THAT VALUE IS DETERMINED BY THE
3 U.S. ENERGY INFORMATION ADMINISTRATION.

4 (F) SUBJECT TO § 2-1223 OF THIS SUBTITLE, THE SECRETARY SHALL
5 DETERMINE THE AMOUNT OF EMISSIONS, AS CARBON DIOXIDE EQUIVALENTS, FROM
6 ESCAPED OR INTENTIONALLY RELEASED METHANE DUE TO THE EXTRACTION,
7 PROCESSING, TRANSPORT, OR DISTRIBUTION OF NATURAL GAS BEFORE THE POINT
8 OF COMBUSTION IN THE STATE, AND MAY ADD AN ADDITIONAL FEE FOR THESE
9 EMISSIONS.

10 (G) (1) UNITS OF GOVERNMENT WHOSE PRIMARY PURPOSE IS TO
11 PROVIDE PUBLIC TRANSPORTATION BY BUS, VAN, RAIL, OR OTHER MEANS THAT
12 REDUCE THE AMOUNT OF DRIVING BY PRIVATE MOTOR VEHICLES SHALL BE EXEMPT
13 FROM GREENHOUSE GAS POLLUTION FEES UNDER THIS PART.

14 (2) IF AN EXEMPTION FOR A UNIT UNDER PARAGRAPH (1) OF THIS
15 SUBSECTION IS NOT FEASIBLE, THE UNIT SHALL BE FULLY REIMBURSED FOR ITS
16 INCREASED COSTS UNDER THIS PART FROM THE BENEFIT FUND.

17 (H) SUBJECT TO SUBSECTION (C) OF THIS SECTION, THE COLLECTION OF
18 THE FEE UNDER THIS SECTION SHALL BEGIN ON THE ADOPTION OF ALL NECESSARY
19 RULES FOR ITS COLLECTION, BUT NOT LATER THAN JANUARY 1, 2026.

20 (I) THE FEES COLLECTED UNDER THIS SECTION SHALL BE PAID INTO THE
21 INFRASTRUCTURE FUND AND THE BENEFIT FUND IN ACCORDANCE WITH THIS
22 PART.

23 (J) (1) USING THE BEST INFORMATION AND SCIENCE REASONABLY
24 AVAILABLE, THE SECRETARY SHALL DETERMINE WHETHER TO IDENTIFY ANY
25 GREENHOUSE GAS-EMITTING SUBSTANCE OR SOURCE, IN ADDITION TO NATURAL
26 GAS, PETROLEUM, COAL, AND THEIR DERIVATIVES, AS BEING A FOSSIL FUEL
27 SUBJECT TO THE FEE UNDER THIS PART.

28 (2) EMISSIONS FROM FARM ANIMALS AND CROPS MAY NOT BE
29 DESIGNATED AS SUBJECT TO THE FEE UNDER THIS PART.

30 2-1219.

31 (A) REVENUES FROM GREENHOUSE GAS POLLUTION FEES COLLECTED
32 UNDER THIS PART SHALL BE DISTRIBUTED TO THE BENEFIT FUND AND THE
33 INFRASTRUCTURE FUND IN ACCORDANCE WITH THIS SECTION.

1 (B) OF THE REVENUES GENERATED BY THE FEE:

2 (1) 50% SHALL BE DISTRIBUTED EACH YEAR TO THE BENEFIT FUND;

3 AND

4 (2) 50% SHALL BE DISTRIBUTED EACH YEAR TO THE
5 INFRASTRUCTURE FUND.

6 2-1220.

7 (A) THERE IS A HOUSEHOLD AND EMPLOYER BENEFIT FUND.

8 (B) THE PURPOSES OF THE BENEFIT FUND ARE TO:

9 (1) PROVIDE A HIGH DEGREE OF PROTECTION FOR LOW- AND
10 MODERATE-INCOME HOUSEHOLDS IN THE STATE; AND

11 (2) PROTECT ENERGY-INTENSIVE, TRADE-EXPOSED EMPLOYERS IN
12 THE STATE.

13 (C) THE SECRETARY SHALL ADMINISTER THE BENEFIT FUND.

14 (D) (1) THE BENEFIT FUND IS A SPECIAL, NONLAPSING FUND THAT IS
15 NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

16 (2) THE STATE TREASURER SHALL HOLD THE BENEFIT FUND
17 SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE BENEFIT FUND.

18 (E) THE BENEFIT FUND CONSISTS OF:

19 (1) PROCEEDS OF FEES DISTRIBUTED TO THE BENEFIT FUND UNDER
20 § 2-1219(B) OF THIS SUBTITLE;

21 (2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE BENEFIT
22 FUND; AND

23 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR
24 THE BENEFIT OF THE BENEFIT FUND.

25 (F) THE BENEFIT FUND MAY BE USED ONLY FOR:

26 (1) PAYMENT OF BENEFITS UNDER THIS SECTION; AND

1 **(2) ADMINISTRATION OF THE BENEFIT FUND, NOT TO EXCEED 5% OF**
2 **THE MONEY IN THE BENEFIT FUND.**

3 **(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE**
4 **BENEFIT FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

5 **(2) ANY INTEREST EARNINGS OF THE BENEFIT FUND SHALL BE**
6 **CREDITED TO THE BENEFIT FUND.**

7 **(H) IN THE BENEFIT FUND THERE ARE THE FOLLOWING SEPARATE**
8 **ACCOUNTS:**

9 **(1) THE HOUSEHOLD BENEFIT ACCOUNT, WHICH CONSISTS OF 80%**
10 **OF THE MONEY IN THE BENEFIT FUND; AND**

11 **(2) THE EMPLOYER BENEFIT ACCOUNT, WHICH CONSISTS OF 20% OF**
12 **THE MONEY IN THE BENEFIT FUND.**

13 **(I) (1) (I) MONEY IN THE HOUSEHOLD BENEFIT ACCOUNT SHALL BE**
14 **DISTRIBUTED AS BENEFITS IN ACCORDANCE WITH THIS SUBSECTION.**

15 **(II) 1. ONE-HALF SHALL BE DISTRIBUTED TO HOUSEHOLDS**
16 **IN QUINTILE 1.**

17 **2. ONE-THIRD SHALL BE DISTRIBUTED TO**
18 **HOUSEHOLDS IN QUINTILE 2.**

19 **3. ONE-SIXTH SHALL BE DISTRIBUTED TO HOUSEHOLDS**
20 **IN QUINTILE 3.**

21 **(III) 1. IF THE QUINTILE 1 DISTRIBUTION IS NOT SUFFICIENT**
22 **TO ENSURE THAT NO QUINTILE 1 HOUSEHOLD PAYS MORE IN FEES THAN IT**
23 **RECEIVES IN BENEFITS, THE QUINTILE 1 DISTRIBUTION SHALL BE INCREASED TO**
24 **ENSURE THAT THIS REQUIREMENT IS MET.**

25 **2. IF THE DISTRIBUTION TO QUINTILE 1 IS GREATER**
26 **THAN ONE-HALF, TWO-THIRDS OF THE FEES REMAINING IN THE HOUSEHOLD**
27 **BENEFIT ACCOUNT AFTER DISTRIBUTION TO QUINTILE 1 SHALL BE DISTRIBUTED**
28 **TO QUINTILE 2 AND ONE-THIRD TO QUINTILE 3.**

29 **(2) (I) EACH QUINTILE'S TOTAL DISTRIBUTION AMOUNT SHALL BE**
30 **DIVIDED BY THE SUM OF THE ADULT RESIDENTS IN THAT QUINTILE PLUS ONE-HALF**
31 **OF THE MINOR RESIDENTS IN THAT QUINTILE TO PRODUCE THAT QUINTILE'S**

1 INITIAL BENEFIT.

2 (II) EACH HOUSEHOLD IN A QUINTILE SHALL RECEIVE A
3 BENEFIT EQUAL TO THAT QUINTILE'S INITIAL BENEFIT TIMES THE SUM OF THE
4 NUMBER OF ADULT RESIDENTS IN THE HOUSEHOLD AND ONE-HALF OF THE NUMBER
5 OF MINOR RESIDENTS IN THE HOUSEHOLD.

6 (3) ANY MONEY REMAINING IN THE HOUSEHOLD BENEFIT ACCOUNT
7 AFTER THE DISTRIBUTION OF MONEY IN ACCORDANCE WITH PARAGRAPH (1) OF
8 THIS SUBSECTION SHALL BE DEPOSITED IN THE INFRASTRUCTURE FUND.

9 (4) IN PROVIDING BENEFITS FROM FEE PROCEEDS FROM THE
10 HOUSEHOLD BENEFIT ACCOUNT, THE SECRETARY SHALL COORDINATE WITH THE
11 COMPTROLLER, THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT,
12 THE DEPARTMENT OF HUMAN SERVICES, AND OTHER UNITS IN MAKING ALL
13 REASONABLE EFFORTS TO IDENTIFY THE NAMES AND ADDRESSES OF ALL
14 RESIDENTS, WITH SPECIAL ATTENTION TO THE NAMES AND ADDRESSES OF
15 LOW-INCOME RESIDENTS, SO THAT THEY CAN RECEIVE BENEFITS EXPEDITIOUSLY.

16 (5) MONEY DISTRIBUTED FROM THE HOUSEHOLD BENEFIT
17 ACCOUNT:

18 (I) MAY NOT BE INCLUDED IN TAXABLE INCOME FOR
19 PURPOSES OF ANY STATE OR LOCAL INCOME TAX; AND

20 (II) SHALL, TO THE EXTENT FEASIBLE, BE EXCLUDED FROM
21 HOUSEHOLD INCOME FOR PURPOSES OF DETERMINING ELIGIBILITY FOR, OR THE
22 LEVEL OF, ANY FORM OF PUBLIC ASSISTANCE.

23 (J) (1) MONEY IN THE EMPLOYER BENEFIT ACCOUNT SHALL BE
24 DISTRIBUTED IN ACCORDANCE WITH THIS SUBSECTION.

25 (2) THE SECRETARY SHALL USE THE MONEY IN THE EMPLOYER
26 BENEFIT ACCOUNT TO PROVIDE BENEFITS TO EMPLOYERS.

27 (3) (I) THE SECRETARY, IN CONSULTATION WITH THE SECRETARY
28 OF COMMERCE, THE SECRETARY OF LABOR, AND THE SECRETARY OF HOUSING AND
29 COMMUNITY DEVELOPMENT, SHALL, WITH SPECIAL ATTENTION TO
30 MANUFACTURING AND AGRICULTURE, IDENTIFY ECONOMIC SECTORS OR ECONOMIC
31 SUBSECTORS THAT ARE ENERGY-INTENSIVE AND TRADE-EXPOSED.

32 (II) THE SECRETARY SHALL, AS MITIGATION, CALCULATE THE
33 TOTAL PROCEEDS COLLECTED FROM THE SECTORS OR SUBSECTORS IDENTIFIED IN

1 SUBPARAGRAPH (I) OF THIS PARAGRAPH AND MAY APPORTION PART OR ALL OF THE
2 PROCEEDS TO THE AFFECTED SECTOR OR SUBSECTOR.

3 (4) MONEY REMAINING IN THE EMPLOYER BENEFIT ACCOUNT
4 AFTER DISTRIBUTIONS UNDER PARAGRAPH (3) OF THIS SUBSECTION ARE
5 CALCULATED SHALL BE DEPOSITED IN THE INFRASTRUCTURE FUND.

6 (K) (1) THE SECRETARY SHALL CONSIDER ALTERNATIVE CALENDAR
7 SCHEDULES FOR DISTRIBUTION OF THE BENEFITS AUTHORIZED UNDER THIS
8 SECTION, INCLUDING PARTIAL OR WHOLE DISTRIBUTIONS EARLY IN THE RELEVANT
9 REVENUE CYCLE AND ON A REGULAR BASIS THROUGHOUT THE REVENUE CYCLE.

10 (2) THE METHOD AND SCHEDULE OF DISTRIBUTION OF BENEFITS
11 SHALL TAKE INTO ACCOUNT:

12 (I) THE NEEDS OF RESIDENTS AND EMPLOYERS,
13 PARTICULARLY LOW-INCOME HOUSEHOLDS, TO OBTAIN BENEFITS
14 CORRESPONDING TO THE TIME SCHEDULE WHEN THEY WILL BE PAYING
15 GREENHOUSE GAS POLLUTION FEES;

16 (II) THE NEED TO MAKE CLEAR TO RESIDENTS AND EMPLOYERS
17 THAT THEY ARE RECEIVING A BENEFIT OF GREENHOUSE GAS POLLUTION FEES THAT
18 IS SEPARATE FROM OTHER TRANSACTIONS THEY MAY HAVE WITH THE STATE; AND

19 (III) THE NEED TO MINIMIZE THE ADMINISTRATIVE COSTS OF
20 THE INITIATIVE.

21 (L) HOUSEHOLDS AND EMPLOYERS MAY OPT TO RECEIVE A PORTION OR
22 ALL OF THEIR BENEFITS ON THEIR UTILITY BILLS.

23 (M) THE SECRETARY MAY ISSUE ADDITIONAL BENEFITS OR DECLARE
24 EXEMPTIONS FROM FEES IN INSTANCES WHERE FEES HAVE BEEN PAID BUT NO
25 EMISSIONS HAVE OCCURRED OR ARE ANTICIPATED TO OCCUR.

26 2-1221.

27 (A) THERE IS A CLIMATE CRISIS INFRASTRUCTURE FUND.

28 (B) THE PURPOSE OF THE INFRASTRUCTURE FUND IS TO INVEST IN
29 INITIATIVES THAT IMPROVE THE HEALTH AND WELFARE OF THE CITIZENS OF THE
30 STATE BY:

31 (1) EXPANDING THE USE OF CLEAN ENERGY SOURCES AND ENERGY

1 EFFICIENCY IN THE ELECTRICITY AND OTHER ENERGY-CONSUMING SECTORS;

2 (2) CREATING A CLEANER, MORE JUST, AND MORE EFFICIENT
3 TRANSPORTATION SECTOR THROUGHOUT THE STATE;

4 (3) PROVIDING FUNDING FOR RESILIENCY AGAINST CLIMATE
5 CHANGE AND WEATHER EVENTS THAT HAVE AN IMPACT ON THE LIVES OF THE
6 CITIZENS OF THE STATE AND ITS ECONOMY;

7 (4) SEQUESTERING CARBON IN FORESTS, SOILS, AND WETLANDS; AND

8 (5) PROMOTING A JUST TRANSITION TO CLEAN ENERGY.

9 (C) (1) THE DEPARTMENT, IN CONSULTATION WITH THE COMMISSION
10 ON ENVIRONMENTAL JUSTICE AND SUSTAINABLE COMMUNITIES AND THE
11 MARYLAND COMMISSION ON CLIMATE CHANGE, SHALL ADMINISTER THE
12 INFRASTRUCTURE FUND.

13 (2) THE DEPARTMENT MAY DELEGATE ADMINISTRATION OF ANY
14 PROGRAMS DEVELOPED UNDER THE INFRASTRUCTURE FUND TO STATE AGENCIES,
15 REGIONAL AUTHORITIES, MUNICIPAL GOVERNMENTS, AND OTHER PUBLIC
16 INSTITUTIONS.

17 (D) (1) THE INFRASTRUCTURE FUND IS A SPECIAL, NONLAPSING FUND
18 THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT
19 ARTICLE.

20 (2) THE STATE TREASURER SHALL HOLD THE INFRASTRUCTURE
21 FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE
22 INFRASTRUCTURE FUND.

23 (E) THE INFRASTRUCTURE FUND CONSISTS OF:

24 (1) PROCEEDS OF FEES DISTRIBUTED TO THE INFRASTRUCTURE
25 FUND UNDER § 2-1219(B) OF THIS SUBTITLE;

26 (2) ANY EXCESS OF UNSPENT BENEFITS RECEIVED FROM THE
27 BENEFIT FUND UNDER § 2-1220(I)(3) AND (J)(4) OF THIS SUBTITLE;

28 (3) MONEY APPROPRIATED IN THE STATE BUDGET TO THE
29 INFRASTRUCTURE FUND; AND

30 (4) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR

1 THE BENEFIT OF THE INFRASTRUCTURE FUND.

2 (F) (1) THE INFRASTRUCTURE FUND MAY BE USED ONLY FOR:

3 (I) THE PURPOSES AUTHORIZED UNDER THIS SECTION; AND

4 (II) ADMINISTRATION OF THE INFRASTRUCTURE FUND, NOT TO
5 EXCEED 5% OF THE MONEY IN THE INFRASTRUCTURE FUND.

6 (2) WHEN FEASIBLE, INVESTMENTS UNDER THIS SECTION SHALL BE
7 DESIGNED TO CREATE LOCAL ECONOMIC DEVELOPMENT AND EMPLOYMENT IN THE
8 STATE.

9 (G) UP TO 50% OF THE MONEY IN THE INFRASTRUCTURE FUND MAY BE
10 DISBURSED TO COUNTY AND MUNICIPAL GOVERNMENTS FOR PROJECTS THAT MEET
11 THE REQUIREMENTS OF THIS SUBTITLE.

12 (H) (1) THE SECRETARY MAY USE UP TO 5% OF THE MONEY IN THE
13 INFRASTRUCTURE FUND TO PROVIDE TECHNICAL ASSISTANCE, CAPACITY, AND
14 PLANNING TOOLS TO COUNTY AND MUNICIPAL GOVERNMENTS FOR THE
15 DEVELOPMENT OF LOCAL CLIMATE PLANS AND INVESTMENT PROPOSALS.

16 (2) IN USING THE MONEY IN THE INFRASTRUCTURE FUND UNDER
17 PARAGRAPH (1) OF THIS SUBSECTION, THE SECRETARY SHALL GIVE DUE
18 CONSIDERATION TO COUNTIES AND MUNICIPALITIES WITH DISPROPORTIONATELY
19 AFFECTED COMMUNITIES.

20 (I) (1) AT LEAST 50% OF THE MONEY IN THE INFRASTRUCTURE FUND
21 SHALL BE INVESTED IN PROJECTS THAT ARE LOCATED WITHIN AND PROVIDE
22 MEANINGFUL BENEFITS TO DISPROPORTIONATELY AFFECTED COMMUNITIES.

23 (2) ON OR BEFORE JANUARY 1, 2025, THE SECRETARY, IN
24 CONSULTATION WITH THE COMMISSION ON ENVIRONMENTAL JUSTICE AND
25 SUSTAINABLE COMMUNITIES SHALL:

26 (I) DEFINE “MEANINGFUL BENEFITS” THAT A PROJECT MAY
27 PROVIDE TO A DISPROPORTIONATELY AFFECTED COMMUNITY;

28 (II) DEVELOP A METHOD FOR DETERMINING WHAT PORTION OF
29 A PROJECT’S EXPENDITURES ARE DIRECTLY LOCATED WITHIN, AND PROVIDE
30 DIRECT MEANINGFUL BENEFITS TO, A DISPROPORTIONATELY AFFECTED
31 COMMUNITY;

1 **(III) DEVELOP MEASURABLE CRITERIA THAT A PROJECT**
2 **RECEIVING FUNDING UNDER THIS SUBSECTION MUST MEET TO BE CONSIDERED**
3 **DIRECTLY LOCATED WITHIN, AND PROVIDING MEANINGFUL BENEFITS TO, A**
4 **DISPROPORTIONATELY AFFECTED COMMUNITY;**

5 **(IV) DEVELOP ANY PROCEDURES THE COMMISSION**
6 **DETERMINES ARE NECESSARY TO DEMONSTRATE LOCAL SUPPORT OF AND CONSENT**
7 **TO A PROJECT THAT WILL BE LOCATED WITHIN AND PROVIDE MEANINGFUL**
8 **BENEFITS TO THE DISPROPORTIONATELY AFFECTED COMMUNITY; AND**

9 **(V) ESTABLISH A PROCESS FOR RECIPIENTS OF FUNDING**
10 **UNDER THIS SUBSECTION TO REPORT THE INFORMATION UNDER ITEMS (II) AND (III)**
11 **OF THIS PARAGRAPH TO THE SECRETARY.**

12 **(3) A RECIPIENT OF FUNDING UNDER THIS SUBSECTION SHALL**
13 **REPORT ANNUALLY TO THE SECRETARY ON THE INFORMATION UNDER PARAGRAPH**
14 **(2) OF THIS SUBSECTION.**

15 **(J) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE**
16 **INFRASTRUCTURE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE**
17 **INVESTED.**

18 **(2) ANY INTEREST EARNINGS OF THE INFRASTRUCTURE FUND SHALL**
19 **BE CREDITED TO THE INFRASTRUCTURE FUND.**

20 **(K) ON OR BEFORE JANUARY 1, 2025, AND EACH YEAR THEREAFTER, THE**
21 **SECRETARY SHALL SUBMIT A REPORT TO THE GENERAL ASSEMBLY, IN**
22 **ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE**
23 **STATUS OF THE INFRASTRUCTURE FUND, INCLUDING INFORMATION REPORTED BY**
24 **RECIPIENTS OF FUNDING UNDER SUBSECTION (I) OF THIS SECTION.**

25 **2-1222.**

26 **EACH YEAR, THE SECRETARY, IN CONSULTATION WITH THE PUBLIC SERVICE**
27 **COMMISSION, THE SECRETARY OF HOUSING AND COMMUNITY DEVELOPMENT, AND**
28 **THE SECRETARY OF HUMAN SERVICES, SHALL IDENTIFY MEASURES AND**
29 **PROGRAMS BEST CALCULATED TO ENSURE THE PROVISION OF LOW-INCOME**
30 **ENERGY ASSISTANCE AND IMPROVEMENTS IN THE ENERGY EFFICIENCY OF**
31 **RENTER-OCCUPIED DWELLINGS IN THE STATE.**

32 **2-1223.**

33 **(A) ON OR BEFORE JUNE 30, 2027, AND EVERY 2 YEARS THEREAFTER, THE**

1 SECRETARY, IN CONSULTATION WITH THE COMMISSION ON ENVIRONMENTAL
2 JUSTICE AND SUSTAINABLE COMMUNITIES, SHALL SUBMIT A REPORT ON THE
3 IMPLEMENTATION OF THIS PART TO THE GOVERNOR AND, IN ACCORDANCE WITH §
4 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.

5 (B) THE REPORT SHALL INCLUDE:

6 (1) POLICIES TO MITIGATE INEQUITIES THAT COULD ARISE FROM
7 THE IMPLEMENTATION OF THE INITIATIVE;

8 (2) RECOMMENDATIONS ON ADDITIONAL EMISSIONS SOURCES TO
9 WHICH GREENHOUSE GAS POLLUTION FEES SHOULD APPLY IN ORDER TO MEET
10 GREENHOUSE GAS EMISSIONS REDUCTION TARGETS ESTABLISHED UNDER §
11 2-1204.1 OF THIS SUBTITLE, INCLUDING INDUSTRIAL PROCESS EMISSIONS AND
12 EMISSIONS ASSOCIATED WITH THE GENERATION AND DISTRIBUTION OF ENERGY;
13 AND

14 (3) A STUDY ON THE FEASIBILITY OF IMPOSING AND COLLECTING
15 ADDITIONAL GREENHOUSE GAS EMISSIONS FEES ON FUGITIVE EMISSIONS AND
16 INTENTIONAL RELEASES OF METHANE FROM NATURAL GAS INFRASTRUCTURE,
17 INCLUDING AN ANALYSIS OF THE FEASIBILITY AND COST OF:

18 (I) CALCULATING A REASONABLY ACCURATE CURRENT
19 STATISTICAL BASELINE, SPECIFIC TO THE STATE, OF FUGITIVE EMISSIONS AND
20 INTENTIONAL RELEASES; AND

21 (II) DEVELOPING AND DEPLOYING A MEANS OF CALCULATING
22 REASONABLY ACCURATE UPDATES ON THE PROGRESS OR LACK OF PROGRESS IN
23 REDUCING FUGITIVE EMISSIONS AND INTENTIONAL RELEASES.

24 (C) THE REPORT MAY INCLUDE RECOMMENDATIONS FOR:

25 (1) INCREASES OR DECREASES TO GREENHOUSE GAS POLLUTION
26 FEES THAT THE DEPARTMENT CONSIDERS PRUDENT TO:

27 (I) ACCOUNT FOR INFLATION;

28 (II) ADDRESS LIFE-CYCLE EMISSIONS AND FUGITIVE
29 EMISSIONS ISSUES;

30 (III) ENSURE PROGRESS TOWARD REACHING EMISSIONS LIMITS
31 ESTABLISHED UNDER SUBTITLE 10 OF THIS TITLE AND GREENHOUSE GAS
32 EMISSIONS REDUCTION TARGETS ESTABLISHED UNDER § 2-1204.1 OF THIS

1 SUBTITLE; OR

2 (IV) MITIGATE SERIOUS HARM TO ECONOMIC SECTORS,
3 ECONOMIC SUBSECTORS, OR INDIVIDUAL ENERGY-INTENSIVE, TRADE-EXPOSED
4 EMPLOYERS IN THE STATE CAUSED BY THE COLLECTION OF GREENHOUSE GAS
5 POLLUTION FEES; OR

6 (2) AMENDMENTS TO THE BENEFIT FUND OR INFRASTRUCTURE
7 FUND, PROVIDED THAT THE PROPOSED AMENDMENTS:

8 (I) OFFER REASONABLE PROTECTION FROM FINANCIAL HARM
9 FOR LOW- AND MODERATE-INCOME HOUSEHOLDS AND ENERGY-INTENSIVE,
10 TRADE-EXPOSED EMPLOYERS; AND

11 (II) DO NOT DIMINISH THE EFFECTIVENESS OF THE FEES, THE
12 BENEFIT FUND, OR THE INFRASTRUCTURE FUND AT REDUCING EMISSIONS.

13 (D) IN DEVELOPING THE REPORT AND ANY AMENDMENTS TO THE REPORT,
14 THE SECRETARY SHALL:

15 (1) HOLD PERIODIC MEETINGS AT CONVENIENT LOCATIONS AND
16 TIMES FOR PUBLIC PARTICIPATION; AND

17 (2) PROVIDE A REASONABLE AMOUNT OF TIME AT EACH MEETING
18 FOR COMMENTS BY THE PUBLIC.

19 (E) THE SECRETARY SHALL VERIFY THROUGH MODELING EXERCISES THAT
20 POLICIES AND RECOMMENDATIONS INCLUDED IN THE REPORT WILL:

21 (1) MEET THE OBJECTIVES OF THE INITIATIVE, AS ESTABLISHED
22 UNDER § 2-1216 OF THIS SUBTITLE; AND

23 (2) RESULT IN EQUITABLE OUTCOMES.

24 2-1224.

25 THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT THIS PART.

26 Article – State Finance and Procurement

27 6-226.

28 (a) (2) (i) Notwithstanding any other provision of law, and unless
29 inconsistent with a federal law, grant agreement, or other federal requirement or with the

1 terms of a gift or settlement agreement, net interest on all State money allocated by the
2 State Treasurer under this section to special funds or accounts, and otherwise entitled to
3 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General
4 Fund of the State.

5 (ii) The provisions of subparagraph (i) of this paragraph do not apply
6 to the following funds:

7 189. the Teacher Retention and Development Fund; [and]

8 190. the Protecting Against Hate Crimes Grant Fund;

9 **191. THE CLIMATE CRISIS INFRASTRUCTURE FUND; AND**

10 **192. THE HOUSEHOLD AND EMPLOYER BENEFIT FUND.**

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
12 1, 2024.