



P.O. Box 278
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Committee: Economic Matters

Testimony on: HB 516 “Climate Crisis and Environmental Justice Act of 2024”

Position: Support

Hearing Date: February 29, 2024

The Maryland Chapter of the Sierra Club supports HB 516, the “Climate Crisis and Environmental Justice Act of 2024” (CCEJ). The CCEJ would establish two separate fossil fuel fees charged directly to the companies responsible for CO₂ emissions. These two fees would include a non-transportation fuel fee (focused on building heat) and a transportation fuel fee. Through the assessed fees, the act will generate nearly \$18 billion by 2034, with 50% of the revenue going to the Household and Employer Benefit Fund (Benefit Fund) and 50% to the Climate Crisis Infrastructure Fund (Infrastructure Fund).

The Benefit Fund would be directed to low- and moderate-income households and energy-intensive trade-exposed (EITE) businesses to protect them from financial harm. The Infrastructure Fund would be directed towards projects that mitigate greenhouse gas emissions and build resilience, with at least 50% invested in projects that are directly located within and provide meaningful benefits to environmental justice communities.

Maryland has set ambitious climate goals and achieving those goals will require significant revenue to fund important programs like building electrification, EV charging systems, and public transit. Maryland’s climate goals, as established through the Climate Solutions Now Act, call for a 60% reduction in greenhouse gas emissions by 2031 and net zero greenhouse gas emissions by 2045. Maryland’s Climate Pollution Reduction Plan, released December 2023, notes that the plan “calls for at least \$1 billion annually in new state spending for investments.”¹ To achieve our statutorily-required, ambitious climate goals, Maryland will need to think creatively about new revenue streams. The CCEJ offers a strong model for what this could look like.

The Sierra Club believes that a carbon pricing mechanism can be an effective tool in a state’s overarching climate strategy. Maryland has established important aspects of its energy policy, and carbon pricing would support implementation by bringing much needed revenue. Sierra Club policy guidance emphasizes that any carbon pricing mechanism must integrate environmental and economic justice principles and advance tangible outcomes. HB 516 is designed to offset the costs to low- and moderate-income households and EITE businesses in the state, while also investing in programs that will meaningfully lower energy use, promote a just transition, and

¹ MDE, [Maryland’s Climate Pollution Reduction Plan](#), 2023, p. 77.

increase resilience, especially in disproportionately affected communities. Ongoing engagement of stakeholders before and during implementation would be essential to mitigate unintended consequences, minimize cost impacts on low-income communities, and ensure benefits of the program return to impacted communities.

The Climate Crisis and Environmental Justice Act of 2024 represents an important opportunity for the State to achieve its climate goals, through contributing to greenhouse gas emission reductions, generating needed revenue, righting historical injustices, and investing in resilience. The Maryland Chapter of the Sierra Club urges a favorable report.

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