

Climate XChange Maryland

***Climate Crisis
and
Environmental Justice Act***

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Climate Crisis and Environmental Justice Act of 2024 (CCEJ)

The CCEJ is a carbon pricing policy that:

- ▶ Supports new statewide, greenhouse gas-emission reduction goal of achieving zero GHG emissions after 2045
- ▶ Establish two types of fossil fuel fees at point of entry into Maryland.
- ▶ Generates revenue from the fossil fuel fee to help protect underserved, overburdened, and low- and moderate-income households and businesses from harm, and invest in initiatives that improve the health and welfare of the citizens of the State.

Climate Crisis and Environmental Justice Act of 2024 (CCEJ)

Implementing a state carbon fee and dividend policy such as the Climate Crisis and Environmental Justice (CCEJ) Act will set Maryland on a pathway to reach the new statewide, greenhouse gas emission reduction goals set by the Climate Solutions Now Act of 2022 and the Administration's Climate Pollution Reduction Plan.

The Administration's policy blueprint for climate change, Maryland's Climate Pollution Reduction Plan, reads "...initial estimates show that achieving an equitable transition to a clean energy future could require a public sector investment of approximately \$1 billion annually." It goes on to say that those funds will have to come from "new funding sources."

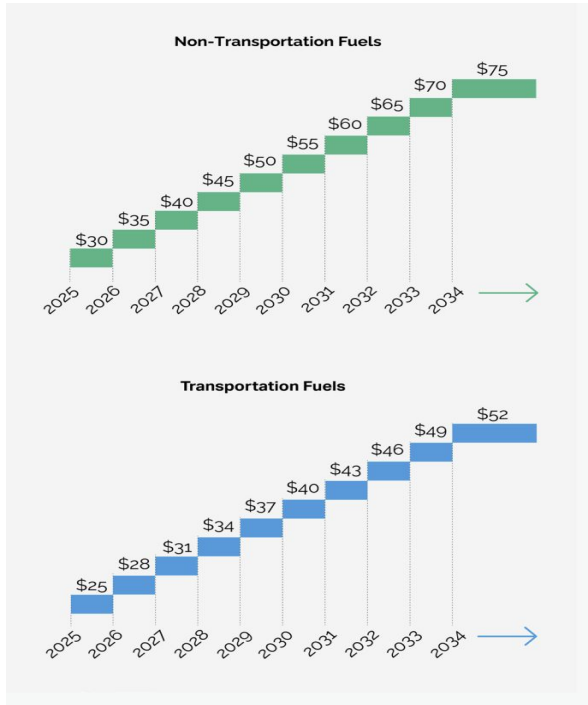
The CCEJ is expected to raise an average of \$1.25 billion per year.

CCEJ Fossil Fuel Fee

Establishes fees on all fossil fuels brought into the state for combustion in the state.

- Collected at the fossil fuel's first point of sale in Maryland; and
- Paid by the entity transporting the fossil fuel into the state.
- Fee charged on natural gas, petroleum, coal, and any solid, liquid, or gaseous fuel derived from these items.

The CCEJ Fossil Fuel Fee



Establishes two types of fossil fuel fees that include a polluter pays, no-pass through provision:

- ▶ Non-transportation fuel fee (building heat) starts at \$30/ton CO₂, increases \$5/ton per year, and is capped at \$75/ton until the target is met.
- ▶ Transportation fuel fee (gas) starts at \$25/ton CO₂, increases \$3/ton per year, and is capped at \$52/ton until the target is met.

Establishes Revenue for Two Separate Funds for Green Infrastructure, and Household and Employee Benefits:



- ▶ **A Household and Employee Benefits Fund:** 50% of the total revenue will go to underserved, overburdened, low- and moderate-income households, and energy-intensive trade-exposed (EITE) businesses to protect them from financial harm.
 - 80% of the money in the Benefit Fund directed to household benefits
 - 20% of the money in the Benefit Fund directed to EITE businesses benefits
- ▶ **A Green Infrastructure Fund:** 50% of the total revenue will go to the Climate Crisis Infrastructure Fund - to invest in initiatives that improve the health and welfare of the citizens of the State
 - **At least 50%** of the Infrastructure Fund shall be invested in projects that are directly located within and provide meaningful benefits to environmental justice communities
 - **Up to 5%** of the infrastructure account shall provide technical assistance, capacity, and planning tools to county and municipal governments to develop qualified local climate plans and investment proposals
 - **Up to 50%** of the Infrastructure account shall be disbursed to qualified county and municipal governments for projects to mitigate GHG's and build resilience

There is a No Pass-Through Provision

- ▶ The CCEJ fee may not be passed through as a direct cost to an end user of a fossil fuel, or a customer of a gas company.

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Household Impacts

The CCEJ is designed to enact progressive benefits across households that avoid undue or regressive cost burdens. See below for a summary of CCEJ impacts on the average household, modeled by Climate XChange using data from the U.S. EIA and Census Bureau:

Climate Crisis and Environmental Justice Act - Average Monthly Household Impacts				
	Current Monthly Cost	CCEJ Price Impact	CCEJ Rebates	Net Impact
Total Impact	\$346	\$32	\$32	\$0
Natural Gas	\$131	\$8	--	--
Gasoline	\$215	\$24	--	--

These rebates are distributed progressively by income quintile, such that low- and moderate-income households receive higher benefits than they pay in increased natural gas or gasoline bills. These rebates take place whether or not a no cost pass-through provision is enforced.

Administrative Cost

- ▶ Based on the average revenue projections of \$1.25 billion annually, with 5% earmarked for administrative costs, MDE and the Comptroller can expect an average of \$63 million per year just for administrative purposes. That would more than cover the estimated administrative cost provided by MDE in HB0516 fiscal notes.

CCEJ - Fiscal note:

*“Due to many unknown factors, the total administrative costs to implement the initiative cannot be reliably estimated at this time, although MDE advises that administrative costs average approximately **\$5.5 million to \$6.3 million** annually from fiscal 2025 through 2029 for approximately 60 new staff and other implementation costs. The Comptroller may also have significant administrative costs, although the amount largely depends on the duties delegated by MDE.”*

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