MARYLAND
Chamber of Commerce

September 17, 2024

Mitigation Working Group
C/O The Maryland Department of the Environment
1800 Washington Blvd.
Baltimore, MD 21230

Re: Mitigation Working Group Revenue and Tax Recommendations

Dear Co-Chairs Kim Coble and Michael Powell,

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and recovery for Maryland businesses, employees, and families.

On behalf of the business community, we are writing to express our concerns regarding the upcoming recommendations the Mitigation Working Group (MWG) will vote on to present to the Maryland Commission on Climate Change at the September 18th meeting. The proposed recommendations, which include an economy-wide cap-and-invest program, a fossil fuel transport fee, and a fee for historical emissions, would introduce over $1 billion in new taxes annually.

As Maryland seeks to accomplish the goals established under the Climate Solutions Now Act (CSNA), it is crucial that these goals are pursued in a way that protects existing jobs and maintains the state's economic well-being. The proposed taxes would undermine these goals by imposing a severe financial burden at a time when Maryland's economy is already struggling.

Recent economic indicators show that Maryland is lagging in several key metrics:

- Maryland's real GDP per capita has grown only 2.1% since 2016, compared to 11.9% for the U.S., 9.9% for Virginia, and 7.5% for Pennsylvania. [1]
- Maryland ranks 45th out of 50 in business tax climate and 47th in the cost of doing business.[2]
- The state also has the second-highest per capita state and local income tax collections in the country. [3]

Imposing more than $1 billion in new taxes on businesses would make Maryland less competitive and hinder its ability to foster economic growth. Additionally, there are other significant challenges since the passage of the CSNA, such as the growing state budget deficit, delays in renewable energy projects and new generation, the closure of crucial base-load electric generation facilities and local opposition to building critical electric infrastructure. Furthermore, Maryland cannot meet its own power demand

[1] https://interactive.marylandtaxes.gov/media/2024/01-03-24-Comptroller-Lierman-Releases-Inaugural-SOTE.pdf
[2] https://www.mdchamber.org/2024/01/17/2024-competitiveness-redbook-for-maryland-trends-and-insights/
[3] https://www.mdchamber.org/2023/05/02/understanding-marylands-economic-competitiveness-spotlight-on-taxation/#:~:text=Maryland%20ranks%20as%20having%20the,Washington%2C%20D.C.%20and%20New%20York.

and already imports 40% of its electricity, and with electricity capacity prices expected to rise by over 800% following the recent 2024 PJM capacity auction, ultimately costing customers across the region nearly $15 billion annually[4], the timing of additional taxes and regulatory mandates could not be worse.

We recognize the importance of Maryland's climate goals, but they must be pursued in an economically responsible manner, as rapid implementation of these goals presents significant risks. Pushing forward with the current proposals could have dire consequences for the state, including higher utility bills, increased operational costs for businesses, and further erosion of Maryland's economic competitiveness. This would not only hinder job creation but could also lead to job losses, especially as businesses struggle to absorb the increased costs of doing business in the state.

Maryland's climate goals should be pursued through a pragmatic and balanced approach that:

- Prioritizes affordability and grid reliability to prevent adverse impacts on residents and businesses,
- Incorporates a robust cost-benefit analysis before implementation of policies, and
- Focuses on building a diverse and reliable energy portfolio that ensures that states energy needs are met without untenable price increases or job losses that compromise the state's economic stability.

Maryland risks falling behind in its move toward full electrification without sufficient local energy generation and transmission infrastructure, further straining supply amid rising demand. A balanced climate strategy must address energy supply and demand, ensure reliable generation, and avoid the high cost of importing electricity. Businesses are playing a vital role in addressing climate change by driving innovation and actively funding, constructing and managing solutions to reduce emissions and meet growing energy demand. While we support the development of clean and renewable energy sources through reasonable timelines, overly aggressive electrification goals strain the grid, increase costs for ratepayers, and place undue burden on businesses.

For these reasons, we respectfully urge the MWG to reconsider the proposed recommendations and prioritize the stability of Maryland's residents, businesses, economy and energy infrastructure by voting against implementing an economy-wide cap-and-invest program, a fossil fuel transport fee, and a fee for historical emissions. These measures would only exacerbate the challenges Maryland is already facing. Thank you for your consideration.

Sincerely,

Maryland Chamber of Commerce

[4] https://opc.maryland.gov/Portals/0/Files/Publications/RMR%20Bill%20and%20Rates%20Impact%20Report_2024-08-14%20Final.pdf?ver=V9hZfyTmjLeNVt2Dg3cTgw%3d%3d