

# HOUSE BILL 1543

M5, C5, F5

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CF SB 912

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By: **Delegates Fraser–Hidalgo, Acevero, Atterbeary, Bagnall, B. Barnes, Barron, Boyce, T. Branch, Bridges, Brooks, Cain, Cardin, Carr, Chang, Charkoudian, Charles, Clippinger, Crutchfield, Cullison, Ebersole, Feldmark, Fennell, W. Fisher, Gilchrist, Guyton, Harrison, Healey, Hill, Holmes, Ivey, M. Jackson, Johnson, Kelly, Kerr, Korman, Lehman, J. Lewis, R. Lewis, Lierman, Lisanti, Lopez, Love, McIntosh, Moon, Mosby, Palakovich Carr, Patterson, Pena–Melnik, Pendergrass, Proctor, Qi, Reznik, Rogers, Rosenberg, Ruth, Shetty, Smith, Solomon, Stein, Stewart, Terrasa, Turner, Valderrama, C. Watson, Wells, Wilkins, Williams, and P. Young**

Introduced and read first time: February 7, 2020

Assigned to: Economic Matters and Environment and Transportation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Environment – Climate Crisis and Education Act**

3 FOR the purpose of establishing a Climate Crisis Initiative in the Department of the  
4 Environment for certain purposes; providing for the purposes of the Initiative;  
5 establishing a certain greenhouse gas reduction target for certain years; establishing  
6 a Climate Crisis Council with certain membership for certain purposes; requiring  
7 the Council to develop a certain plan with certain required elements and submit the  
8 plan to the General Assembly; requiring the Council to have the plan verified in a  
9 certain manner; requiring the Council to hold certain meetings for certain purposes;  
10 requiring the Secretary of the Environment to administer certain schedules of  
11 greenhouse gas pollution fees; requiring the Secretary to delegate certain collection  
12 and benefit functions to the Comptroller; requiring the Comptroller to carry out  
13 certain functions; requiring the collection of a certain greenhouse gas pollution fee  
14 on certain fuels and certain electricity for certain purposes; providing for the  
15 assessment of a certain fee on certain substances at certain rates in certain years,  
16 subject to a certain condition; requiring the collection of a certain fee on certain  
17 products at their first point of sale in the State; reducing a certain fee by a certain  
18 amount under certain circumstances; prohibiting the passing through of a certain  
19 fee to certain end users or customers, with a certain exception; requiring each electric  
20 distribution company and each competitive electricity supplier to pay in a certain  
21 manner a certain fee calculated in a certain manner; providing for the deduction of  
22 certain amounts from a certain fee in a certain manner; requiring the payment of a

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 certain fee quarterly with an annual reconciliation; requiring each electricity  
2 supplier to file certain information with the Public Service Commission by a certain  
3 date each year for certain purposes; requiring the Commission to open a docket for  
4 certain purposes; requiring the Commission to issue a certain order under certain  
5 circumstances; requiring certain persons generating a certain amount of electricity  
6 to pay a certain fee calculated in a certain manner; requiring certain natural gas  
7 distribution companies to pay a certain fee calculated in a certain manner; requiring  
8 the Secretary to determine a certain fee for certain fugitive emissions and intentional  
9 releases for the purpose of determining a certain additional fee; exempting certain  
10 governmental units from the fee under this Act; providing for the initial date of  
11 collection of a certain fee; requiring the Secretary to determine certain matters for  
12 identifying certain substances as subject to a certain fee, with certain exceptions;  
13 requiring the Secretary to prepare certain reports periodically considering certain  
14 matters and to submit the reports to the Governor and the General Assembly;  
15 prohibiting the imposition of certain fees if superseded by federal law or regulation;  
16 providing for the distribution of certain fees to certain funds in a certain manner;  
17 establishing a Kirwan Initiative Fund as a special, nonlapsing fund for certain  
18 purposes; providing for the administration and functioning of the Kirwan Fund;  
19 providing for the investment of money in and expenditures from the Kirwan Fund;  
20 requiring interest earnings of the Kirwan Fund to be credited to the Kirwan Fund;  
21 providing for the distribution of money from the Kirwan Fund for certain purposes;  
22 establishing a Household and Employer Benefit Fund as a special, nonlapsing fund  
23 for certain purposes; providing for the administration and functioning of the Benefit  
24 Fund; providing for the investment of money in and expenditures from the Benefit  
25 Fund; requiring interest earnings of the Benefit Fund to be credited to the Benefit  
26 Fund; establishing certain accounts in the Benefit Fund for certain purposes;  
27 providing for the distribution of money in the Household Benefit Account and the  
28 Employer Benefit Account in certain manners for certain purposes; providing that  
29 certain money distributed as a benefit under this Act may not be included in taxable  
30 income for purposes of any State or local income tax; providing that certain money  
31 distributed as a benefit shall be excluded from household income for certain  
32 purposes; requiring the Secretary to consider certain alternative calendar schedules  
33 for certain purposes; authorizing certain beneficiaries to receive benefits in a certain  
34 manner; establishing a Climate Crisis Infrastructure Fund as a special, nonlapsing  
35 fund for certain purposes; providing for the administration and functioning of the  
36 Infrastructure Fund; providing for the investment of money in and expenditures  
37 from the Infrastructure Fund; requiring interest earnings of the Infrastructure Fund  
38 to be credited to the Infrastructure Fund; providing for the distribution of money  
39 from the Infrastructure Fund on approval by the Secretary in a certain manner for  
40 certain purposes; establishing a certain fee to be charged on certain new motor  
41 vehicles sold or registered in the State based on certain ratings; setting the amount  
42 of the fee; exempting certain motor vehicles from the fee; requiring the Department  
43 of Transportation to review certain exemptions on or before a certain date and make  
44 certain recommendations; requiring the fee to be deposited in the Infrastructure  
45 Fund and used for certain purposes; providing that the Secretary is not subject to  
46 penalties or actions for damages for certain actions under this Act; requiring the  
47 Secretary to make certain efforts to return certain fees to certain persons in a certain

manner; requiring the Secretary to identify certain measures and programs each year in consultation with certain units; requiring the Secretary to study and report on certain matters to the Governor and the General Assembly by a certain date; requiring the Secretary to adopt certain regulations in consultation with the Commission; exempting the Infrastructure Fund, the Benefit Fund, and the Kirwan Fund from a certain provision of law requiring interest earnings on State money to accrue to the General Fund of the State; defining certain terms; and generally relating to the Climate Crisis Initiative, greenhouse gas emissions reductions, and education.

BY renumbering

Article – Environment

Section 2–1201 and 2–1202, respectively

to be Section 2–1202 and 2–1201, respectively

Annotated Code of Maryland

(2013 Replacement Volume and 2019 Supplement)

BY adding to

Article – Environment

New part designation “Part I. Statewide Inventory and Emissions Reduction Plan”

to immediately precede Section 2–1201; and Section 2–1214 through 2–1228

to be under the new part “Part II. Climate Crisis Initiative”

Annotated Code of Maryland

(2013 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, without amendments,

Article – Environment

Section 2–1201 and 2–1202(1) through (5) and (8)

Annotated Code of Maryland

(2013 Replacement Volume and 2019 Supplement)

(As enacted by Section 1 of this Act)

BY repealing and reenacting, without amendments,

Article – State Finance and Procurement

Section 6–226(a)(2)(i)

Annotated Code of Maryland

(2015 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,

Article – State Finance and Procurement

Section 6–226(a)(2)(ii)121. and 122.

Annotated Code of Maryland

(2015 Replacement Volume and 2019 Supplement)

BY adding to

Article – State Finance and Procurement

Section 6–226(a)(2)(ii)123. through 125.

Annotated Code of Maryland  
(2015 Replacement Volume and 2019 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That Section(s) 2–1201 and 2–1202, respectively, of Article – Environment of the Annotated  
Code of Maryland be renumbered to be Section(s) 2–1202 and 2–1201, respectively.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
as follows:

## **Article – Environment**

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

2–1201.

(a) In this subtitle the following words have the meanings indicated.

(b) “Alternative compliance mechanism” means an action authorized by  
regulations adopted by the Department that achieves the equivalent reduction of  
greenhouse gas emissions over the same period as a direct emissions reduction.

(c) “Carbon dioxide equivalent” means the measurement of a given weight of a  
greenhouse gas that has the same global warming potential, measured over a specified  
period of time, as one metric ton of carbon dioxide.

(d) “Direct emissions reduction” means a reduction of greenhouse gas emissions  
from a greenhouse gas emissions source.

(e) “Greenhouse gas” includes carbon dioxide, methane, nitrous oxide,  
hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

(f) “Greenhouse gas emissions source” means a source or category of sources of  
greenhouse gas emissions that have emissions of greenhouse gases that are subject to  
reporting requirements or other provisions of this subtitle, as determined by the  
Department.

(g) “Leakage” means a reduction in greenhouse gas emissions within the State  
that is offset by a corresponding increase in greenhouse gas emissions from a greenhouse  
gas emissions source located outside the State that is not subject to a similar state,  
interstate, or regional greenhouse gas emissions cap or limitation.

(h) (1) “Manufacturing” means the process of substantially transforming, or a  
substantial step in the process of substantially transforming, tangible personal property  
into a new and different article of tangible personal property by the use of labor or  
machinery.

(2) “Manufacturing”, when performed by companies primarily engaged in the activities described in paragraph (1) of this subsection, includes:

(i) The operation of saw mills, grain mills, or feed mills;

(ii) The operation of machinery and equipment used to extract and process minerals, metals, or earthen materials or by-products that result from the extracting or processing; and

(iii) Research and development activities.

(3) “Manufacturing” does not include:

(i) Activities that are primarily a service;

(ii) Activities that are intellectual, artistic, or clerical in nature;

(iii) Public utility services, including gas, electric, water, and steam production services; or

(iv) Any other activity that would not commonly be considered as manufacturing.

(i) “Statewide greenhouse gas emissions” means the total annual emissions of greenhouse gases in the State, measured in metric tons of carbon dioxide equivalents, including all emissions of greenhouse gases from the generation of electricity delivered to and consumed in the State, and line losses from the transmission and distribution of electricity, whether the electricity is generated in-State or imported.

2–1202.

The General Assembly finds that:

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

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

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

(4) The State has the ingenuity to reduce the threat of global warming and make greenhouse gas reductions a part of the State’s future by achieving a 25% reduction in greenhouse gas emissions from 2006 levels by 2020 and by preparing a plan to meet a longer-term goal of reducing greenhouse gas emissions by up to 90% from 2006 levels by

2050 in a manner that promotes new “green” jobs, and protects existing jobs and the State’s economic well-being;

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

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

**2–1212. RESERVED.**

**2–1213. RESERVED.**

## **PART II. CLIMATE CRISIS INITIATIVE.**

**2–1214.**

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

**(B) “ADMINISTRATION” MEANS THE MARYLAND ENERGY ADMINISTRATION.**

**(C) “ADULT RESIDENT” MEANS A RESIDENT OF THE STATE AT LEAST 18 YEARS OLD.**

**(D) “BENEFIT FUND” MEANS THE HOUSEHOLD AND EMPLOYER BENEFIT FUND ESTABLISHED UNDER § 2–1222 OF THIS SUBTITLE.**

**(E) “COMMISSION” MEANS THE PUBLIC SERVICE COMMISSION.**

**(F) “COUNCIL” MEANS THE CLIMATE CRISIS COUNCIL ESTABLISHED UNDER § 2–1217 OF THIS SUBTITLE.**

**(G) “ELECTRICITY SUPPLIER” HAS THE MEANING STATED IN § 1–101 OF THE PUBLIC UTILITIES ARTICLE.**

**(H) “EMPLOYER” MEANS A PERSON, A GOVERNMENTAL UNIT, OR ANY OTHER ENTITY THAT HAS EMPLOYEES WORKING IN THE STATE.**

**(I) “FOSSIL FUEL” MEANS:**

1           (1)    NATURAL GAS;

2           (2)    PETROLEUM;

3           (3)    COAL; AND

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

6           (J)    “FUGITIVE EMISSIONS” MEANS EMISSIONS OF GREENHOUSE GASES  
7 FROM EQUIPMENT, INCLUDING PIPELINES, DUE TO LEAKS OR OTHER UNINTENDED  
8 OR IRREGULAR RELEASES.

9           (K)    “GREENHOUSE GAS POLLUTION FEE” OR “FEE” MEANS A FEE IMPOSED  
10 ON EACH CARBON DIOXIDE EQUIVALENT UNDER THIS PART.

11          (L)    “INFRASTRUCTURE FUND” MEANS THE CLIMATE CRISIS  
12 INFRASTRUCTURE FUND ESTABLISHED UNDER § 2-1223 OF THIS SUBTITLE.

13          (M)    “INITIATIVE” MEANS THE CLIMATE CRISIS INITIATIVE ESTABLISHED  
14 UNDER THIS PART.

15          (N)    “KIRWAN FUND” MEANS THE KIRWAN INITIATIVE FUND ESTABLISHED  
16 UNDER § 2-1221 OF THIS SUBTITLE.

17          (O)    (1)   “LIFE CYCLE EMISSIONS” MEANS GREENHOUSE GAS EMISSIONS  
18 THAT ARE RELEASED DURING PHASES OF A FUEL OR OTHER PRODUCT’S LIFE.

19               (2)   “LIFE CYCLE EMISSIONS” INCLUDES GREENHOUSE GAS  
20 EMISSIONS RELEASED DURING EXTRACTION, PROCESSING, TRANSPORTATION, AND  
21 DISPOSAL ACTIVITIES.

22          (P)    “MINIMUM POLLUTION LEVEL” MEANS THE LOWEST LEVEL OF  
23 POLLUTION IN GRAMS PER MILE THAT SUBJECTS A MOTOR VEHICLE TO THE MOTOR  
24 VEHICLE FEE UNDER § 2-1224 OF THIS SUBTITLE.

25          (Q)    “MINOR RESIDENT” MEANS A RESIDENT OF THE STATE UNDER THE AGE  
26 OF 18 YEARS.

27          (R)    “MOTOR FUEL” HAS THE MEANING STATED IN § 9-101 OF THE  
28 TAX – GENERAL ARTICLE.

29          (S)    “MOTOR VEHICLE” HAS THE MEANING STATED IN § 9-101 OF THE

1 **TAX – GENERAL ARTICLE.**

2 (T) “ON-SITE GENERATED ELECTRICITY” HAS THE MEANING STATED IN §  
3 1-101 OF THE PUBLIC UTILITIES ARTICLE.

4 (U) “QUINTILE 1” MEANS THE 20% OF HOUSEHOLDS WITH PRE-TAX  
5 INCOMES THROUGH THE 20TH PERCENTILE OF ALL HOUSEHOLDS IN THE STATE.

6 (V) “QUINTILE 2” MEANS THE 20% OF HOUSEHOLDS WITH PRE-TAX  
7 INCOMES ABOVE THE 20TH PERCENTILE THROUGH THE 40TH PERCENTILE OF ALL  
8 HOUSEHOLDS IN THE STATE.

9 (W) “QUINTILE 3” MEANS THE 20% OF HOUSEHOLDS WITH PRE-TAX  
10 INCOMES ABOVE THE 40TH PERCENTILE THROUGH THE 60TH PERCENTILE OF ALL  
11 HOUSEHOLDS IN THE STATE.

12 (X) “QUINTILE 4” MEANS THE 20% OF HOUSEHOLDS WITH PRE-TAX  
13 INCOMES ABOVE THE 60TH PERCENTILE THROUGH THE 80TH PERCENTILE OF ALL  
14 HOUSEHOLDS IN THE STATE.

15 (Y) “QUINTILE 5” MEANS THE 20% OF HOUSEHOLDS WITH PRE-TAX  
16 INCOMES ABOVE THE 80TH PERCENTILE OF ALL HOUSEHOLDS IN THE STATE.

17 (Z) “TOTAL BENEFIT SHARES” MEANS THE SUM OF ALL ADULT RESIDENTS  
18 AND ONE-HALF OF THE MINOR RESIDENTS OF THE STATE.

19 **2-1215.**

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

21 (B) **THE INITIATIVE PROVIDES FOR:**

22 (1) **THE ESTABLISHMENT OF GREENHOUSE GAS REDUCTION GOALS;**

23 (2) **THE ESTABLISHMENT OF A CLIMATE CRISIS COUNCIL;**

24 (3) **THE ASSESSMENT OF GREENHOUSE GAS POLLUTION FEES;**

25 (4) **FUNDING FOR EDUCATION UNDER THE RECOMMENDATIONS OF**  
26 **THE COMMISSION ON INNOVATION AND EXCELLENCE IN EDUCATION, COMMONLY**  
27 **KNOWN AS THE “KIRWAN INITIATIVE”;**

28 (5) **THE ASSESSMENT OF A FEE ON THE SALE OR REGISTRATION OF**



1 NEW HIGH-EMISSION VEHICLES;

2 (6) BENEFITS TO HOUSEHOLDS AND EMPLOYERS IN THE STATE TO  
3 MITIGATE THE IMPACT OF FEES UNDER THE INITIATIVE; AND

4 (7) THE FUNDING OF ACTIVITIES FOR GREENHOUSE GAS REDUCTION  
5 AND SEQUESTRATION, IMPROVEMENTS IN RESILIENCY, AND THE PROMOTION OF A  
6 JUST ECONOMIC TRANSITION IN THE STATE.

7 2-1216.

8 (A) THE STATE SHALL REDUCE STATEWIDE GREENHOUSE GAS EMISSIONS  
9 BY:

10 (1) 70% FROM 2006 LEVELS BY 2030; AND

11 (2) 100% FROM 2006 LEVELS BY 2040.

12 (B) AFTER 2040, STATEWIDE GREENHOUSE GAS EMISSIONS SHALL BE NET  
13 NEGATIVE.

14 2-1217.

15 (A) THERE IS A CLIMATE CRISIS COUNCIL.

16 (B) THE MEMBERSHIP OF THE COUNCIL SHALL BE AS FOLLOWS:

17 (1) ONE MEMBER OF THE HOUSE OF DELEGATES SELECTED BY THE  
18 SPEAKER OF THE HOUSE OF DELEGATES;

19 (2) ONE MEMBER OF THE SENATE OF MARYLAND SELECTED BY THE  
20 PRESIDENT OF THE SENATE; AND

21 (3) EXPERTS IN THE FIELDS OF ECONOMICS, ENVIRONMENTAL  
22 SCIENCE, ENVIRONMENTAL JUSTICE, AND OTHERS, AS NEEDED, APPOINTED  
23 JOINTLY BY THE SPEAKER AND THE PRESIDENT.

24 (C) THE COUNCIL SHALL SUBMIT A PLAN TO ACHIEVE THE REDUCTION  
25 TARGETS SET OUT IN § 2-1216 OF THIS SUBTITLE TO THE GENERAL ASSEMBLY BY  
26 DECEMBER 31, 2021.

27 (D) THE PLAN SHALL INCLUDE POLICIES TO MITIGATE INEQUITIES THAT  
28 COULD ARISE FROM THE IMPLEMENTATION OF THE PLAN.

(E) THE PLAN MAY RECOMMEND AMENDMENTS TO THE FEE, BENEFIT, AND INVESTMENT PROGRAM ESTABLISHED IN §§ 2-1219 THROUGH 2-1223 OF THIS SUBTITLE IF:

(1) THE FEE, BENEFIT, AND INVESTMENT PROGRAM CONTINUES TO PROVIDE \$350,000,000 EACH YEAR TO SUPPORT THE KIRWAN INITIATIVE;

(2) LOW- AND MODERATE-INCOME HOUSEHOLDS AND ENERGY-INTENSIVE TRADE-EXPOSED EMPLOYERS ARE REASONABLY PROTECTED FROM FINANCIAL HARM; AND

(3) THE AMENDMENTS DO NOT DIMINISH THE EFFECTIVENESS OF THE FEE, BENEFIT, AND INVESTMENT PROGRAM AT REDUCING EMISSIONS.

(F) BEFORE THE COUNCIL SUBMITS ITS PLAN TO THE GENERAL ASSEMBLY, AN INDEPENDENT AND RESPECTED ENTITY MUST VERIFY THROUGH MODELING THAT THE PLAN SHALL:

(1) MEET THE REDUCTION GOALS SET OUT IN § 2-1216 OF THIS SUBTITLE; AND

(2) BE EQUITABLE.

(G) IN DEVELOPING THE PLAN AND ANY AMENDMENTS TO THE PLAN, THE COUNCIL SHALL:

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

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

2-1218.

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

(B) THE SECRETARY SHALL DELEGATE ALL COLLECTION OF GREENHOUSE GAS POLLUTION CHARGES, DISTRIBUTION OF BENEFITS, AND ANY OTHER APPROPRIATE FUNCTIONS TO THE COMPTROLLER.

(C) THE COMPTROLLER SHALL CARRY OUT ALL FUNCTIONS THE

1 SECRETARY DELEGATES UNDER THIS PART.

2 2-1219.

3 (A) A GREENHOUSE GAS POLLUTION FEE SHALL BE COLLECTED ON ALL:

4 (1) FOSSIL FUELS BROUGHT INTO THE STATE FOR COMBUSTION IN  
5 THE STATE; AND

6 (2) ELECTRICITY USED IN THE STATE THAT IS GENERATED BY FOSSIL  
7 FUELS.

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

10 (1) NONTRANSPORTATION FUELS SHALL:

11 (I) BE \$15 FROM JULY 31 THROUGH DECEMBER 31, 2021;

12 (II) BE \$20 IN 2022;

13 (III) INCREASE BY \$5 EACH YEAR THEREAFTER THROUGH 2029;

14 AND

15 (IV) BE \$60 IN 2030 AND EACH YEAR THEREAFTER; AND

16 (2) TRANSPORTATION FUELS SHALL:

17 (I) BE \$10 FROM JULY 31 THROUGH DECEMBER 31, 2021;

18 (II) BE \$13 IN 2022;

19 (III) INCREASE BY \$3 EACH YEAR THEREAFTER THROUGH 2029;

20 AND

21 (IV) BE \$37 IN 2030 AND EACH YEAR THEREAFTER.

22 (C) IF THE FEES AND BENEFITS UNDER THIS PART TAKE EFFECT IN A  
23 CALENDAR YEAR LATER THAN 2021, THE SECRETARY SHALL DELAY THE SCHEDULE  
24 OF FEES UNDER SUBSECTION (B) OF THIS SECTION BY THE SAME NUMBER OF YEARS.

25 (D) (1) THE FEE ON FOSSIL FUELS TO BE COMBUSTED IN THE STATE  
26 SHALL BE COLLECTED AT THE FOSSIL FUELS' FIRST POINT OF SALE IN THE STATE.

1           **(2) THE FEE COLLECTED ON A PETROLEUM PRODUCT UNDER**  
2 **PARAGRAPH (1) OF THIS SUBSECTION SHALL BE REDUCED BY AN AMOUNT EQUAL TO**  
3 **ANY FEE PAID FOR THE SAME YEAR FOR TRANSPORTATION AND CLIMATE INITIATIVE**  
4 **ALLOWANCES.**

5           **(3) THE AMOUNT DEDUCTED UNDER PARAGRAPH (2) OF THIS**  
6 **SUBSECTION MAY NOT EXCEED THE TOTAL AMOUNT OF THE FEE CALCULATED**  
7 **UNDER SUBSECTION (B) OF THIS SECTION.**

8           **(4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A**  
9 **FEE COLLECTED UNDER THIS SECTION MAY NOT BE PASSED THROUGH AS A DIRECT**  
10 **COST TO:**

11                   **1. AN END USER OF A FOSSIL FUEL; OR**

12                   **2. A CUSTOMER OF AN ELECTRIC COMPANY OR A GAS**  
13 **COMPANY.**

14           **(II) THIS PARAGRAPH DOES NOT PROHIBIT THE PASSING**  
15 **THROUGH TO A CUSTOMER OF A FEE COLLECTED UNDER THIS SECTION ON**  
16 **ELECTRICITY DISTRIBUTED BY AN ELECTRIC COMPANY OR NATURAL GAS**  
17 **DISTRIBUTED BY A GAS COMPANY ONLY TO THE EXTENT THAT THE COMMISSION**  
18 **APPROVES THE FEE AS A PRUDENTLY INCURRED COST OF DISTRIBUTION.**

19           **(E) (1) EACH ELECTRICITY SUPPLIER, INCLUDING EACH ELECTRIC**  
20 **DISTRIBUTION COMPANY OPERATING IN THE STATE AND EACH COMPETITIVE**  
21 **SUPPLIER OF ELECTRICITY TO END USERS, SHALL PAY THE FEE ON BEHALF OF ALL**  
22 **OF THEIR ELECTRICITY CUSTOMERS ON THE BASIS OF EACH KILOWATT-HOUR OF**  
23 **ELECTRICITY USED BY EACH DISTRIBUTION CUSTOMER.**

24           **(2) (I) THE PER-KILOWATT-HOUR FEE TO BE PAID BY THE**  
25 **ELECTRICITY SUPPLIER FOR RETAIL ELECTRICITY SOLD TO ELECTRIC CUSTOMERS**  
26 **IN THE STATE SHALL BE BASED ON THE CARBON INTENSITY OF THE FUEL MIX THAT**  
27 **GENERATED THOSE KILOWATT-HOURS OF ELECTRICITY, WHETHER THE**  
28 **GENERATION SOURCES ARE IN-STATE OR OUT-OF-STATE.**

29           **(II) THE RETAIL ELECTRICITY SUPPLIER SHALL DETERMINE**  
30 **THE CARBON INTENSITY OF THE FUEL MIX USING THE U.S. ENERGY INFORMATION**  
31 **ADMINISTRATION'S CARBON DIOXIDE EMISSIONS FACTORS FOR EACH FUEL.**

32           **(III) THE ELECTRICITY SUPPLIER SHALL DEDUCT FROM THE FEE**  
33 **CALCULATED UNDER SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH AN AMOUNT**

**EQUAL TO THE NET AMOUNT THE ELECTRICITY SUPPLIER PAID FOR THE SAME YEAR FOR REGIONAL GREENHOUSE GAS INITIATIVE ALLOWANCES RELATED TO ELECTRICITY SOLD IN THE STATE.**

**(IV) THE AMOUNT DEDUCTED UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH MAY NOT EXCEED THE TOTAL AMOUNT OF THE FEE CALCULATED UNDER SUBPARAGRAPH (I) AND (II) OF THIS PARAGRAPH.**

**(3) AN ELECTRICITY SUPPLIER SHALL:**

**(I) PAY THE FEE AT LEAST QUARTERLY; AND**

**(II) RECONCILE ANNUAL FEES PAID AT LEAST ONCE EACH YEAR.**

**(F) (1) ON OR BEFORE OCTOBER 1 EACH YEAR, EACH ELECTRICITY SUPPLIER SHALL FILE WITH THE COMMISSION THE RESULT OF ITS PROPOSED CALCULATION FOR THE YEAR BEGINNING THE FOLLOWING JANUARY 1.**

**(2) THE FILING MUST INCLUDE SUFFICIENT SUPPORTING DATA TO ENABLE THE COMMISSION TO DETERMINE WHETHER THE CALCULATION BY THE ELECTRICITY SUPPLIER WAS MADE FULLY IN ACCORDANCE WITH SUBSECTION (E) OF THIS SECTION.**

**(3) (I) ON RECEIPT OF THE FILING, THE COMMISSION SHALL OPEN A DOCKET.**

**(II) THE SOLE PURPOSE OF THE DOCKET SHALL BE FOR THE COMMISSION TO DETERMINE WHETHER THE CALCULATION BY THE ELECTRICITY SUPPLIER WAS MADE FULLY IN ACCORDANCE WITH SUBSECTION (E) OF THIS SECTION.**

**(III) IF THE COMMISSION DETERMINES THAT THE CALCULATION BY THE ELECTRICITY SUPPLIER WAS MADE FULLY IN ACCORDANCE WITH SUBSECTION (E) OF THIS SECTION, THE COMMISSION SHALL, NOT LATER THAN NOVEMBER 15 OF THE SAME YEAR, ISSUE AN ORDER APPROVING THE CALCULATION.**

**(IV) 1. IF THE COMMISSION DETERMINES THAT THE CALCULATION BY THE ELECTRICITY SUPPLIER DOES NOT FULLY COMPLY WITH SUBSECTION (E) OF THIS SECTION:**

**A. THE COMMISSION SHALL ISSUE AN ORDER STATING**

1 CLEARLY THE ERRORS THAT THE ELECTRICITY SUPPLIER MADE; AND

2                   **B. THE ELECTRICITY SUPPLIER SHALL HAVE 21 DAYS TO**  
3 **MAKE A COMPLIANCE FILING WITH THE COMMISSION CORRECTING THE ERRORS**  
4 **IDENTIFIED IN THE COMMISSION'S ORDER.**

5                   **2. IF AN ELECTRICITY SUPPLIER FAILS TO MAKE A**  
6 **COMPLIANCE FILING AS REQUIRED BY THE COMMISSION, THE COMMISSION SHALL**  
7 **ISSUE AN ORDER ESTABLISHING THE CALCULATION THAT THE ELECTRICITY**  
8 **SUPPLIER MUST USE FOR THE FOLLOWING CALENDAR YEAR.**

9           **(G) (1) ANY PERSON THAT GENERATES MORE THAN 25,000**  
10 **KILOWATT-HOURS OF ON-SITE GENERATED ELECTRICITY USING ANY COMBINATION**  
11 **OF ONE OR MORE FOSSIL FUELS MUST PAY A FEE UNDER SUBSECTION (E) OF THIS**  
12 **SECTION BASED ON THE RELATIVE MIX OF FUELS AND THE U.S. ENERGY**  
13 **INFORMATION ADMINISTRATION'S CARBON DIOXIDE EMISSIONS FACTOR FOR EACH**  
14 **FUEL.**

15                   **(2) ANY FEE ALREADY PAID ON THE FUEL UNDER THIS SECTION**  
16 **SHALL BE DEDUCTED FROM THE FEE THAT WOULD OTHERWISE BE DUE UNDER THIS**  
17 **SUBSECTION.**

18           **(H) (1) A LOCAL DISTRIBUTION COMPANY FOR NATURAL GAS SHALL PAY**  
19 **THE FEE FOR ALL NATURAL GAS THAT THE COMPANY DISTRIBUTES FOR**  
20 **COMBUSTION IN THE STATE.**

21                   **(2) THE FEE UNDER THIS SUBSECTION SHALL BE CALCULATED BY**  
22 **MULTIPLYING THE NUMBER OF CUBIC FEET OF NATURAL GAS USED BY EACH**  
23 **CUSTOMER BY THE AMOUNT OF CARBON DIOXIDE EQUIVALENTS RELEASED BY**  
24 **BURNING 1 CUBIC FOOT OF NATURAL GAS, AS THAT VALUE IS DETERMINED BY THE**  
25 **U.S. ENERGY INFORMATION ADMINISTRATION.**

26           **(I) SUBJECT TO § 2-1226 OF THIS SUBTITLE, THE SECRETARY SHALL**  
27 **DETERMINE THE AMOUNT OF EMISSIONS, AS CARBON DIOXIDE EQUIVALENTS, FROM**  
28 **ESCAPED OR INTENTIONALLY RELEASED METHANE DUE TO THE EXTRACTION,**  
29 **PROCESSING, TRANSPORT, OR DISTRIBUTION OF NATURAL GAS BEFORE THE POINT**  
30 **OF COMBUSTION IN THE STATE, AND MAY ADD AN ADDITIONAL FEE TO THE FEE FOR**  
31 **ALL NATURAL GAS OR NATURAL GAS-BASED ELECTRICITY.**

32           **(J) (1) UNITS OF GOVERNMENT WHOSE PRIMARY PURPOSE IS TO**  
33 **PROVIDE PUBLIC TRANSPORTATION BY BUS, VAN, RAIL, OR OTHER MEANS THAT**  
34 **REDUCE THE AMOUNT OF DRIVING BY PRIVATE MOTOR VEHICLES SHALL BE EXEMPT**  
35 **FROM GREENHOUSE GAS POLLUTION FEES UNDER THIS PART.**

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

4           **(K) SUBJECT TO SUBSECTION (C) OF THIS SECTION, THE COLLECTION OF**  
5 **THE FEE UNDER THIS SECTION SHALL BEGIN ON THE ADOPTION OF ALL NECESSARY**  
6 **RULES FOR ITS COLLECTION, BUT NOT LATER THAN JANUARY 1, 2022, FOR**  
7 **EMISSIONS OCCURRING IN THE LAST 6 MONTHS OF 2021.**

8           **(L) THE FEES COLLECTED UNDER THIS SECTION SHALL BE PAID INTO THE**  
9 **KIRWAN FUND, THE INFRASTRUCTURE FUND, AND THE BENEFIT FUND IN**  
10 **ACCORDANCE WITH THIS PART.**

11           **(M) (1) USING THE BEST INFORMATION AND SCIENCE REASONABLY**  
12 **AVAILABLE, THE SECRETARY SHALL DETERMINE WHETHER TO IDENTIFY ANY**  
13 **GREENHOUSE GAS-EMITTING SUBSTANCE OR SOURCE, IN ADDITION TO NATURAL**  
14 **GAS, PETROLEUM, COAL, AND THEIR DERIVATIVES, AS BEING A FOSSIL FUEL**  
15 **SUBJECT TO THE FEE UNDER THIS PART.**

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

18           **(N) (1) WITHIN 3 YEARS AFTER THE FEES AND BENEFITS UNDER THIS**  
19 **PART TAKE EFFECT, AND EVERY 2 YEARS THEREAFTER, THE SECRETARY, IN**  
20 **CONSULTATION WITH THE COUNCIL, SHALL SUBMIT A REPORT TO THE GOVERNOR**  
21 **AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE**  
22 **GENERAL ASSEMBLY.**

23           **(2) THE REPORT SHALL TAKE INTO CONSIDERATION WHETHER ANY**  
24 **INCREASES OR DECREASES IN GREENHOUSE GAS POLLUTION FEES ARE**  
25 **RECOMMENDED TO:**

26                   **(I) ACCOUNT FOR INFLATION;**

27                   **(II) ADDRESS LIFE CYCLE EMISSIONS AND FUGITIVE EMISSIONS**  
28 **ISSUES;**

29                   **(III) ENSURE PROGRESS TOWARD REACHING EMISSIONS LIMITS**  
30 **UNDER § 2-1216 OF THIS SUBTITLE, PART I OF THIS SUBTITLE, AND SUBTITLE 10**  
31 **OF THIS TITLE; AND**

32                   **(IV) MITIGATE SERIOUS HARM TO ECONOMIC SECTORS,**

1 ECONOMIC SUBSECTORS, OR INDIVIDUAL ENERGY-INTENSIVE TRADE-EXPOSED  
2 EMPLOYERS IN THE STATE CAUSED BY COLLECTION OF GREENHOUSE GAS  
3 POLLUTION FEES UNDER THIS PART.

4 (O) NOTWITHSTANDING ANY OTHER LAW, THE FEES AUTHORIZED UNDER  
5 THIS SECTION MAY NOT BE IMPOSED ON ANY GREENHOUSE GAS-PRODUCING  
6 SUBSTANCE IF THE IMPOSITION IS SUPERSEDED BY FEDERAL LAW OR REGULATION.

7 2-1220.

8 (A) REVENUES FROM GREENHOUSE GAS POLLUTION FEES UNDER THIS  
9 PART SHALL BE DISTRIBUTED TO THE KIRWAN FUND, THE BENEFIT FUND, AND THE  
10 INFRASTRUCTURE FUND IN ACCORDANCE WITH THIS SECTION.

11 (B) FROM THE REVENUES GENERATED BY THE FEES ON GREENHOUSE GAS  
12 EMISSIONS FROM FOSSIL FUELS, \$350,000,000 SHALL BE DISTRIBUTED EACH  
13 FISCAL YEAR TO THE KIRWAN FUND SOLELY FOR THE USE OF THE KIRWAN  
14 INITIATIVE.

15 (C) THE LESSER OF 50% OF THE REVENUES GENERATED BY THE FEE, OR  
16 ALL THE REVENUES REMAINING AFTER THE DISTRIBUTION TO THE KIRWAN FUND  
17 UNDER SUBSECTION (B) OF THIS SECTION, SHALL BE DISTRIBUTED EACH YEAR TO  
18 THE BENEFIT FUND FOR THE PURPOSE OF PROVIDING BENEFITS TO HOUSEHOLDS  
19 AND EMPLOYERS IN ACCORDANCE WITH § 2-1222 OF THIS SUBTITLE.

20 (D) ANY REVENUES THAT REMAIN AFTER THE DISTRIBUTIONS UNDER  
21 SUBSECTIONS (B) AND (C) OF THIS SECTION SHALL BE DISTRIBUTED EACH YEAR TO  
22 THE INFRASTRUCTURE FUND.

23 2-1221.

24 (A) THERE IS A KIRWAN INITIATIVE FUND.

25 (B) THE PURPOSE OF THE KIRWAN FUND IS TO SUPPORT EDUCATION IN  
26 THE STATE UNDER LEGISLATION AND REGULATIONS THAT IMPLEMENT THE  
27 RECOMMENDATIONS OF THE COMMISSION ON INNOVATION AND EXCELLENCE IN  
28 EDUCATION, COMMONLY KNOWN AS THE "KIRWAN INITIATIVE".

29 (C) THE DEPARTMENT SHALL ADMINISTER THE KIRWAN FUND IN  
30 CONSULTATION WITH THE STATE DEPARTMENT OF EDUCATION.

31 (D) (1) THE KIRWAN FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT  
32 SUBJECT TO REVERSION UNDER § 7-302 OF THE STATE FINANCE AND



1 **PROCUREMENT ARTICLE.**

2 **(2) THE STATE TREASURER SHALL HOLD THE KIRWAN FUND**  
3 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE KIRWAN FUND.**

4 **(E) THE KIRWAN FUND CONSISTS OF:**

5 **(1) PROCEEDS OF THE GREENHOUSE GAS POLLUTION FEES**  
6 **COLLECTED UNDER THIS PART AND DISTRIBUTED UNDER § 2-1220(B) OF THIS**  
7 **SUBTITLE;**

8 **(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE KIRWAN**  
9 **FUND; AND**

10 **(3) ANY OTHER MONEY FROM ANY SOURCE ACCEPTED FOR THE**  
11 **BENEFIT OF THE KIRWAN FUND.**

12 **(F) THE KIRWAN FUND MAY BE USED ONLY FOR:**

13 **(1) PURPOSES AUTHORIZED UNDER THIS SECTION; AND**

14 **(2) ADMINISTRATION OF THE KIRWAN FUND, NOT TO EXCEED 5% OF**  
15 **THE MONEY IN THE KIRWAN FUND.**

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

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

20 **2-1222.**

21 **(A) THERE IS A HOUSEHOLD AND EMPLOYER BENEFIT FUND.**

22 **(B) THE PURPOSES OF THE BENEFIT FUND ARE TO:**

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

25 **(2) PROTECT ENERGY-INTENSIVE TRADE-EXPOSED EMPLOYERS IN**  
26 **THE STATE.**

27 **(C) THE SECRETARY SHALL ADMINISTER THE BENEFIT FUND.**

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

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

6           (E) THE BENEFIT FUND CONSISTS OF:

7           (1) PROCEEDS OF FEES DISTRIBUTED TO THE BENEFIT FUND UNDER  
8 § 2-1220(C) OF THIS SUBTITLE;

9           (2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE BENEFIT  
10 FUND; AND

11           (3) ANY OTHER MONEY FROM ANY SOURCE ACCEPTED FOR THE  
12 BENEFIT OF THE BENEFIT FUND.

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

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

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

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

19           (2) ANY INTEREST EARNINGS OF THE BENEFIT FUND SHALL BE  
20 CREDITED TO THE BENEFIT FUND.

21           (H) IN THE BENEFIT FUND THERE ARE THE FOLLOWING SEPARATE  
22 ACCOUNTS:

23           (1) THE HOUSEHOLD BENEFIT ACCOUNT, WHICH CONSISTS OF 80%  
24 OF THE MONEY IN THE BENEFIT FUND; AND

25           (2) THE EMPLOYER BENEFIT ACCOUNT, WHICH CONSISTS OF 20% OF  
26 THE MONEY IN THE BENEFIT FUND.

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

1 (II) 1. ONE-HALF SHALL BE DISTRIBUTED TO HOUSEHOLDS  
2 IN QUINTILE 1.

3 2. ONE-THIRD SHALL BE DISTRIBUTED TO  
4 HOUSEHOLDS IN QUINTILE 2.

5 3. ONE-SIXTH SHALL BE DISTRIBUTED TO HOUSEHOLDS  
6 IN QUINTILE 3.

7 (III) 1. IF THE QUINTILE 1 DISTRIBUTION IS NOT SUFFICIENT  
8 TO ENSURE THAT NO QUINTILE 1 HOUSEHOLD PAYS MORE IN FEES THAN IT  
9 RECEIVES IN BENEFITS, THE QUINTILE 1 DISTRIBUTION SHALL BE INCREASED TO  
10 ENSURE THAT THIS REQUIREMENT IS MET.

11 2. IF THE DISTRIBUTION TO QUINTILE 1 IS GREATER  
12 THAN ONE-HALF, TWO-THIRDS OF THE FEES REMAINING IN THE HOUSEHOLD  
13 BENEFIT ACCOUNT AFTER DISTRIBUTION TO QUINTILE 1 SHALL BE DISTRIBUTED  
14 TO QUINTILE 2 AND ONE-THIRD TO QUINTILE 3.

15 (2) (I) EACH QUINTILE'S TOTAL DISTRIBUTION AMOUNT SHALL BE  
16 DIVIDED BY THE SUM OF THE ADULT RESIDENTS IN THAT QUINTILE PLUS ONE-HALF  
17 OF THE MINOR RESIDENTS IN THAT QUINTILE, TO PRODUCE THAT QUINTILE'S  
18 INITIAL BENEFIT.

19 (II) EACH HOUSEHOLD IN A QUINTILE SHALL RECEIVE A  
20 BENEFIT EQUAL TO THAT QUINTILE'S INITIAL BENEFIT TIMES THE SUM OF THE  
21 NUMBER OF ADULT RESIDENTS IN THE HOUSEHOLD AND ONE-HALF OF THE NUMBER  
22 OF MINOR RESIDENTS IN THE HOUSEHOLD.

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

26 (4) IN PROVIDING BENEFITS FROM FEE PROCEEDS FROM THE  
27 HOUSEHOLD BENEFIT ACCOUNT, THE SECRETARY SHALL COORDINATE WITH THE  
28 COMPTROLLER, THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT,  
29 THE DEPARTMENT OF HUMAN SERVICES, AND OTHER UNITS IN MAKING ALL  
30 REASONABLE EFFORTS TO IDENTIFY THE NAMES AND ADDRESSES OF ALL  
31 RESIDENTS, WITH SPECIAL ATTENTION TO THE NAMES AND ADDRESSES OF  
32 LOW-INCOME RESIDENTS, SO THAT THEY CAN RECEIVE BENEFITS EXPEDITIOUSLY.

33 (5) MONEY DISTRIBUTED FROM THE HOUSEHOLD BENEFIT

1 **ACCOUNT:**

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

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

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

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

11 (3) (I) THE SECRETARY, IN CONSULTATION WITH THE SECRETARY  
12 OF COMMERCE, THE SECRETARY OF LABOR, AND THE SECRETARY OF HOUSING AND  
13 COMMUNITY DEVELOPMENT, SHALL, WITH SPECIAL ATTENTION TO  
14 MANUFACTURING AND AGRICULTURE, IDENTIFY ECONOMIC SECTORS OR ECONOMIC  
15 SUBSECTORS THAT ARE ENERGY-INTENSIVE AND TRADE-EXPOSED.

16 (II) THE SECRETARY SHALL, AS MITIGATION, CALCULATE THE  
17 TOTAL PROCEEDS COLLECTED FROM THESE SECTORS OR SUBSECTORS AND MAY  
18 APPORTION PART OR ALL OF THE PROCEEDS TO THE AFFECTED SECTOR OR  
19 SUBSECTOR.

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

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

27 (2) THE METHOD AND SCHEDULE OF DISTRIBUTION OF BENEFITS  
28 SHALL TAKE INTO ACCOUNT:

29 (I) THE NEEDS OF RESIDENTS AND EMPLOYERS,  
30 PARTICULARLY LOW-INCOME HOUSEHOLDS, TO OBTAIN BENEFITS  
31 CORRESPONDING TO THE TIME SCHEDULE WHEN THEY WILL BE PAYING  
32 GREENHOUSE GAS POLLUTION FEES;

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

4                   **(III) THE NEED TO MINIMIZE THE ADMINISTRATIVE COSTS OF**  
5 **THE INITIATIVE.**

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

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

11 **2-1223.**

12           **(A) THERE IS A CLIMATE CRISIS INFRASTRUCTURE FUND.**

13           **(B) (1) THE PURPOSE OF THE INFRASTRUCTURE FUND IS TO INVEST IN**  
14 **INITIATIVES THAT IMPROVE THE HEALTH AND WELFARE OF THE CITIZENS OF THE**  
15 **STATE BY:**

16                   **(I) EXPANDING THE USE OF CLEAN ENERGY SOURCES AND**  
17 **ENERGY EFFICIENCY IN THE ELECTRICITY AND OTHER ENERGY-CONSUMING**  
18 **SECTORS;**

19                   **(II) CREATING A CLEANER, MORE JUST, AND MORE EFFICIENT**  
20 **TRANSPORTATION SECTOR THROUGHOUT THE STATE;**

21                   **(III) PROVIDING FUNDING FOR RESILIENCY AGAINST CLIMATE**  
22 **CHANGE AND WEATHER EVENTS THAT HAVE AN IMPACT ON THE LIVES OF THE**  
23 **CITIZENS OF THE STATE AND ITS ECONOMY;**

24                   **(IV) SEQUESTERING CARBON IN FORESTS, SOILS, AND**  
25 **WETLANDS; AND**

26                   **(V) PROMOTING A JUST TRANSITION TO CLEAN ENERGY.**

27           **(2) OF THE MONEY IN THE INFRASTRUCTURE FUND, 30% SHALL BE**  
28 **USED TO BENEFIT LOW- AND MODERATE-INCOME RESIDENTS, WITH PRIORITY**  
29 **GIVEN TO HISTORICALLY POLLUTION-BURDENED AND UNDERSERVED**  
30 **COMMUNITIES, INCLUDING BY PROVIDING ACCESS TO AFFORDABLE RENEWABLE**  
31 **ENERGY, ENERGY EFFICIENCY, PUBLIC TRANSPORTATION, AND ASSISTANCE WITH**

1 ADAPTING TO IMPACTS OF SEVERE WEATHER AND CLIMATE CHANGE.

2 (3) WHEREVER FEASIBLE, INVESTMENTS UNDER THIS SECTION  
3 SHALL ALSO BE DESIGNED TO CREATE LOCAL ECONOMIC DEVELOPMENT AND  
4 EMPLOYMENT IN THE STATE.

5 (C) THE DEPARTMENT, IN CONSULTATION WITH THE COUNCIL, SHALL  
6 ADMINISTER THE INFRASTRUCTURE FUND.

7 (D) (1) THE INFRASTRUCTURE FUND IS A SPECIAL, NONLAPSING FUND  
8 THAT IS NOT SUBJECT TO REVERSION UNDER § 7-302 OF THE STATE FINANCE AND  
9 PROCUREMENT ARTICLE.

10 (2) THE STATE TREASURER SHALL HOLD THE INFRASTRUCTURE  
11 FUND SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE  
12 INFRASTRUCTURE FUND.

13 (E) THE INFRASTRUCTURE FUND CONSISTS OF:

14 (1) PROCEEDS OF FEES DISTRIBUTED TO THE INFRASTRUCTURE  
15 FUND UNDER § 2-1220(D) OF THIS SUBTITLE;

16 (2) ANY EXCESS OF UNSPENT BENEFITS RECEIVED FROM THE  
17 BENEFIT FUND UNDER § 2-1222(I)(3) AND (J)(4) OF THIS SUBTITLE;

18 (3) PROCEEDS OF MOTOR VEHICLE FEES COLLECTED UNDER §  
19 2-1224 OF THIS SUBTITLE;

20 (4) MONEY APPROPRIATED IN THE STATE BUDGET TO THE  
21 INFRASTRUCTURE FUND; AND

22 (5) ANY OTHER MONEY FROM ANY SOURCE ACCEPTED FOR THE  
23 BENEFIT OF THE INFRASTRUCTURE FUND.

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

25 (1) PURPOSES AUTHORIZED UNDER THIS SECTION AND §  
26 2-1224(F)(2) OF THIS SUBTITLE; AND

27 (2) ADMINISTRATION OF THE INFRASTRUCTURE FUND, NOT TO  
28 EXCEED 5% OF THE MONEY IN THE INFRASTRUCTURE FUND.

29 (G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE

1 INFRASTRUCTURE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE  
2 INVESTED.

3 (2) ANY INTEREST EARNINGS OF THE INFRASTRUCTURE FUND SHALL  
4 BE CREDITED TO THE INFRASTRUCTURE FUND.

5 (H) DISBURSEMENTS FROM THE INFRASTRUCTURE FUND SHALL BE  
6 AWARDED:

7 (1) ON APPROVAL OF THE SECRETARY; AND

8 (2) ONLY TO PROJECTS THAT ARE CONSISTENT WITH INVESTMENT  
9 PRINCIPLES THE SECRETARY ESTABLISHES IN CONSULTATION WITH THE COUNCIL.

10 2-1224.

11 (A) A FEE SHALL BE CHARGED ON EACH NEW MOTOR VEHICLE SOLD OR  
12 REGISTERED IN THE STATE WITH A U.S. ENVIRONMENTAL PROTECTION AGENCY  
13 CARBON DIOXIDE POLLUTION RATING EQUAL TO OR HIGHER THAN THE MINIMUM  
14 POLLUTION LEVEL.

15 (B) THE FEE SHALL BE BASED ON THE RATING BY THE U.S.  
16 ENVIRONMENTAL PROTECTION AGENCY OF THE CARBON DIOXIDE TAILPIPE  
17 EXHAUST OF PASSENGER VEHICLES AND LIGHT TRUCKS.

18 (C) THE MINIMUM POLLUTION LEVEL SHALL:

19 (1) BE 400 GRAMS PER MILE IN 2022; AND

20 (2) DECREASE EACH YEAR BY 10 GRAMS PER MILE.

21 (D) THE FEE SHALL:

22 (1) BE \$1.25 TIMES THE U.S. ENVIRONMENTAL PROTECTION  
23 AGENCY'S POLLUTION RATING OF THE MOTOR VEHICLE IN 2022; AND

24 (2) INCREASE EACH YEAR BY \$0.25 TIMES THE U.S. ENVIRONMENTAL  
25 PROTECTION AGENCY'S POLLUTION RATING OF THE MOTOR VEHICLE.

26 (E) (1) THE FEE MAY NOT BE ASSESSED ON THE FOLLOWING TYPES OF  
27 MOTOR VEHICLES:

28 (I) COMMERCIAL VEHICLES USED FOR TRANSPORTING GOODS;

(II) AGRICULTURAL VEHICLES;

(III) PUBLIC TRANSPORTATION VEHICLES;

(IV) AMBULANCES; AND

(V) STATE-, COUNTY-, OR MUNICIPALITY-OWNED VEHICLES  
THAT ARE NOT USED STRICTLY AS PASSENGER VEHICLES.

(2) ON OR BEFORE JULY 1, 2027, THE DEPARTMENT OF  
TRANSPORTATION:

(I) SHALL REVIEW THE EXEMPTIONS UNDER PARAGRAPH (1)  
OF THIS SUBSECTION; AND

(II) MAY RECOMMEND TO THE SECRETARY THE MODIFICATION  
OR ELIMINATION OF ANY OF THE EXEMPTIONS.

(F) REVENUES COLLECTED BY THE FEE ON NEW MOTOR VEHICLES UNDER  
THIS SECTION SHALL BE:

(1) DEPOSITED IN THE INFRASTRUCTURE FUND; AND

(2) AS A PRIORITY, USED TO:

(I) PROVIDE REBATES ON THE SALE OF ELECTRIC VEHICLES;

(II) PURCHASE ELECTRIC TRANSIT AND SCHOOL BUSES; AND

(III) EXPAND ELECTRIC VEHICLE INFRASTRUCTURE.

2-1225.

(A) THE SECRETARY MAY NOT BE SUBJECT TO PENALTIES OR ACTIONS FOR  
DAMAGES IF THE FEES COLLECTED UNDER THIS PART ARE NOT EQUAL TO THE  
BENEFITS RETURNED UNDER THIS PART.

(B) THE SECRETARY SHALL MAKE ALL REASONABLE EFFORTS TO RETURN,  
AS BENEFITS TO RESIDENTS AND EMPLOYERS IN THE AGGREGATE, ALL FEES  
COLLECTED BY THE SECRETARY UNDER THIS PART OTHER THAN MONEY DEPOSITED  
IN THE KIRWAN FUND AND THE INFRASTRUCTURE FUND.



1 **2-1226.**

2 (A) ON OR BEFORE JULY 1, 2023, THE SECRETARY SHALL STUDY AND  
3 REPORT ON THE FEASIBILITY OF IMPOSING AND COLLECTING ADDITIONAL  
4 GREENHOUSE GAS EMISSION FEES ON FUGITIVE EMISSIONS AND INTENTIONAL  
5 RELEASES OF METHANE FROM NATURAL GAS INFRASTRUCTURE.

6 (B) THE REPORT SHALL INCLUDE AN ANALYSIS OF THE FEASIBILITY AND  
7 EXPENSE OF:

8 (1) CALCULATING A REASONABLY ACCURATE CURRENT STATISTICAL  
9 BASELINE, SPECIFIC TO THE STATE, OF FUGITIVE EMISSIONS AND INTENTIONAL  
10 RELEASES; AND

11 (2) DEVELOPING AND DEPLOYING A MEANS OF CALCULATING  
12 REASONABLY ACCURATE UPDATES OF PROGRESS OR LACK OF PROGRESS IN  
13 REDUCING FUGITIVE EMISSIONS AND INTENTIONAL RELEASES.

14 (C) THE SECRETARY SHALL SUBMIT THE REPORT, INCLUDING ANY  
15 RECOMMENDED LEGISLATIVE OR REGULATORY CHANGES, TO THE GOVERNOR AND,  
16 IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE  
17 GENERAL ASSEMBLY.

18 (D) THE REPORT MAY BE INCLUDED IN THE REPORT REQUIRED UNDER §  
19 2-1219(N) OF THIS SUBTITLE.

20 **2-1227.**

21 THE SECRETARY, IN CONSULTATION WITH THE COMMISSION, THE  
22 SECRETARY OF HOUSING AND COMMUNITY DEVELOPMENT, AND THE SECRETARY  
23 OF HUMAN SERVICES, EACH YEAR SHALL IDENTIFY MEASURES AND PROGRAMS  
24 BEST CALCULATED TO ENSURE THE PROVISION OF LOW-INCOME ENERGY  
25 ASSISTANCE AND IMPROVEMENTS IN THE ENERGY EFFICIENCY OF  
26 RENTER-OCCUPIED DWELLINGS IN THE STATE.

27 **2-1228.**

28 THE SECRETARY, IN CONSULTATION WITH THE COMMISSION, SHALL ADOPT  
29 REGULATIONS TO CARRY OUT THIS PART.

30 **Article – State Finance and Procurement**

31 **6-226.**

(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

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

121. the Markell Hendricks Youth Crime Prevention and Diversion Parole Fund; [and]

122. the Federal Government Shutdown Employee Assistance Loan Fund;

**123. THE CLIMATE CRISIS INFRASTRUCTURE FUND;**

**124. THE HOUSEHOLD AND EMPLOYER BENEFIT FUND;**

**AND**

**125. THE KIRWAN INITIATIVE FUND.**

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020.