

Rebuild Maryland Coalition

Principles for Carbon Pricing

Preamble

As we figure out how to Rebuild Maryland after experiencing the worst public health and economic crisis in history, the 2020 COVID-19 Pandemic, we have an opportunity to design and enact state policy that will address this devastating crisis. Maryland can rebuild in a way that addresses the systemic challenges that have for too long impacted some of the most vulnerable communities in the state. We must embrace a green recovery that prioritizes justice, meaningful job creation and a low carbon economic future. We accept that climate justice, racial justice and environmental justice are inextricably intertwined and provide the foundation for policies designed to rebuild Maryland's economy.

The Maryland Greenhouse Gas Reductions Act (GGRA) requires that the state achieves at least a 40% reduction in statewide greenhouse gas emissions from 2006 levels by 2030. In February 2021, the Maryland Department of the Environment (MDE) release a [report](#) that recommended a more aggressive goal of a 50% reduction in statewide greenhouse gas emissions by 2030, and net-zero by 2045. The Climate Crisis and Environmental Justice Act (CCEJ Act) requires 60% reduction of fossil fuel CO2 emissions by 2030 and achieve net neutrality by 2045. We need political leadership to enact policy that will cut emissions across all sectors of the economy to meet this mandate.

Guiding Principles

These Principles are evolving and intended to serve as the framework from which to design policy that will help meet Maryland's greenhouse gas reduction goals. As new voices join the table with new points of view, we are open to modifying this principles document to incorporate those perspectives and values.

➤ ***Principle #1: Putting people first - progressive use of revenues for people and communities.***

Protect low- and moderate-income households: When using rebates and targeted reinvestments, sufficient revenues must be allocated to ensure that the vast majority of low- and moderate-income households do not experience increases in their cost of living as a result of the policy.

Investment in disadvantaged communities: Disadvantaged/vulnerable communities are disproportionately affected by pollution from fossil fuels and by climate change. To the degree feasible, provide additional protection to low- and moderate-income households whose circumstances currently result in high carbon emissions.

Keep the “No Pass Through” prohibition. The “No Pass Through” prohibition will help ensure that the vast majority of low- and moderate-income households do not experience increases in their cost of living as a result of the policy. Frontline communities must not carry the burden of reducing carbon emissions.

Issue rebates when needed: Ensure low- and moderate-income households receive their rebates in a timely manner. The rebate must be distributed on a regular schedule.

Allocation of rebates: Identify the appropriate State agency to administrate rebates to ensure funds are allocated as prescribed. Money intended for specific communities will not be used for what they were not intended.

➤ ***Principle #2: Equality issues must be front and center of the discussion and the decision-making process.***

Make differential attention to right the wrong in the African American Community.

Those who live in predominately African American communities suffer the greatest risk of death from particle pollution. There must be a meaningful relationship and dialog with this Community.

A deliberate focus on the COVID-19 recovery for front-line communities. Policy must be designed to help impacted communities recover from the deadly disasters of 2020:

The COVID-19 pandemic has exposed the racial disparities that exist in our country. The coronavirus has claimed hundreds of thousands of lives while disproportionately affecting communities of color – African Americans in particular. While they make up 29% of the state population, as of September 20, 2021, [African Americans represented 31.5% of COVID-19 cases and 36% of the fatalities.](#)

Protest for justice – In 2020, following several high-profile killings of unarmed African American citizens, the country has been shaken by a wave of mass protests and civil unrest. The country is being forced to confront another deadly disaster, that of deeply embedded, systemic racism. This crisis disproportionately affects the same frontline communities that are suffering the most from the COVID-19 Pandemic.

Health disparities. People in frontline communities are suffering the most from the effects of climate change. The pollution and particulate matter that come back into MD via wind. The particle pollution, burning of fossil fuels is “associated with many health problems, such as diminished lung function, increased hospital admissions and emergency room visits for asthma, and increases in premature deaths”. [CDC Climate and Health](#)

➤ ***Principle 3: Achieve, in combination with other policies, the state’s Greenhouse Gas reduction mandates.***

Sufficient fee rate: The rate charged per ton of carbon emissions must be high enough and rise quickly enough so that, in combination with the state’s other GHG policies, Maryland will reach our GHG reduction mandates. The fee rate level should be regularly reviewed and adjusted if projections show that the State is not on track to meet its mandates. Any fee policy should go as far up stream as possible as not to target small companies.

Economy-wide: Preferably all major sources of GHG emissions should face a similar carbon price, but the systems may be integrated over time.

Funds must be equitably distributed. Resources may go to local jurisdictions (county/city). We can quantify and measure communities most impacted by climate change and make them a focus of the legislation in terms of restoration around decarbonization and GHG reduction.

The policy has to be compatible with Federal initiatives. The bill should be compatible and not in conflict with the Federal Justice40 Initiative being proposed by the Biden administration. MD has a huge federal presence so we need to think through how revenues generated here will be consistent and with the federal initiatives.

- **Principle 4: Economic and public good - extends carbon pricing economy-wide, which is an effective, efficient, and fair way to reduce emissions and strengthen the economy.**

Economic and public good: Maryland must reduce greenhouse gas emission while supporting the state's economic development and uplifting its residents.

Protect business and institutional competitiveness: Provide sufficient rebates to Maryland businesses which are energy-intensive or in competition with firms from other states or nations that do not have carbon pricing systems, so that Maryland companies are not disadvantaged in comparison to those based elsewhere.

Provide non-traditional business opportunities: Opportunities should be given to entities that have been traditionally excluded such as Small, Women-Owned, Minority-Owned or Veteran-Owned businesses. Additionally, opportunities should be provided for traditionally underserved communities and people, including African Americans, Latinx Americans, Native Americans, and people who identify as LGBTQ.

Substantial carbon revenue should be invested to make low- and moderate-income and other vulnerable communities more resilient and better able to adapt to the impacts of climate change.

Maryland is one of five states most vulnerable to sea-level rise. [Inches of Sea Level Rise Since 1950](#) Wealthy property owners are already taking measures to protect their investments by building on higher ground, raising existing building and taking other measures to make their property less vulnerable to sea-level rise, storms, and other climate impacts. Low- and moderate-income neighborhoods and property owners are left to fend for themselves. Maryland should make substantial investments of revenue from carbon pricing and other revenue to protect its most vulnerable communities.

- **Principle #5: Substantial carbon revenue should be allocated to create quality jobs and promote equitable economic growth and opportunity.**

Investments that reduce GHG emissions must meet essential public needs and creating jobs: This includes projects that support renewable energy, energy efficiency, low-carbon transportation, and resilience to climate change impacts. Such jobs should provide livable wages and benefits; training and advancement opportunities; give employees the opportunity to form a union and engage in collective bargaining without retaliation, intimidation, harassment, or fear of reprisal.

Create a strategic framework for an equitable transition to a green economy: Provide employment transition benefits and training for workers and communities who are affected by the shrinkage of the fossil fuel industries.

Help empower veterans (former military service members) to use their skills and expertise in the new climate economy: Support clean energy job creation. Invest in veteran-owned businesses that provide American made clean energy and climate solution technology.

Access to climate friendly public transportation: Provide affordable transportation in communities where car ownership is limited and where millennials live who choose not to own private vehicles. Create transportation/transit jobs opportunities that pay living wages.

➤ **Principle #6: Substantial investment in electric vehicles.**

Transportation will require a major investment in electric vehicles:

Maryland has committed to 60,000 zero-emission vehicles on the road by 2020 and 300,000 ZEVs by 2025 as part of the California Clean Cars Program that was adopted in 2007. According to the Maryland Vehicle Administration ([MVA](#)), as of July 2021 Maryland reached 60% of the 2020 goal (36,080 vehicles). The purchase of electric cars will require incentive programs to make them more affordable to all Marylanders and more charging stations.

Education/Health Benefits: Funds for energy efficiency, renewable energy and zero emission vehicles. Zero emission school buses have major health benefits for students who ride those buses as well as communities they go through.