

Chapter 500

(House Bill 990)

AN ACT concerning

Environment – Greenhouse Gas Emissions Reductions – Manufacturers

FOR the purpose of altering the definition of “manufacturing” for purposes of certain greenhouse gas emissions reduction requirements to exclude the production of cement; altering the application of certain provisions of law regarding the reduction of greenhouse gas emissions from the manufacturing sector to apply only to persons that engaged in manufacturing in a certain year; altering certain prohibitions that apply to a State agency’s implementation of a final plan to reduce statewide greenhouse gas emissions; requiring the Department of the Environment to make certain considerations and consult with certain stakeholders related to the regulation of the production of cement; and generally relating to greenhouse gas emissions reductions and manufacturers.

BY repealing and reenacting, without amendments,
Article – Environment
Section 2–1202(a) and 2–1205(a)
Annotated Code of Maryland
(2013 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, with amendments,
Article – Environment
Section 2–1202(h) and 2–1205(g) and (h)
Annotated Code of Maryland
(2013 Replacement Volume and 2023 Supplement)

BY adding to
Article – Environment
Section 2–1205(h)
Annotated Code of Maryland
(2013 Replacement Volume and 2023 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Environment

2–1202.

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

(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) **THE PRODUCTION OF CEMENT; OR**

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

2–1205.

(a) The State shall develop plans, adopt regulations, and implement programs that reduce statewide greenhouse gas emissions in accordance with this subtitle.

(g) (1) **PARAGRAPHS (2) AND (3) OF THIS SUBSECTION APPLY ONLY TO PERSONS WHO ENGAGED IN MANUFACTURING IN 2023.**

(2) (I) Unless required by federal law or regulations or existing State law, regulations adopted by State agencies to implement a final plan may not:

[i] 1. Require **ANY MANUFACTURER TO REDUCE** greenhouse gas emissions [reductions from the State’s manufacturing sector] **BELOW THE EMISSIONS LEVELS FOR THAT MANUFACTURER IN 2023; ~~or~~**

[(ii)] 2. Cause [a significant] AN increase in costs to [the State's manufacturing sector] A MANUFACTURER THAT ARE SIGNIFICANTLY BEYOND THE COSTS THAT WERE INCURRED BY THAT MANUFACTURER IN 2023; OR

3. REQUIRE ANY MANUFACTURER THAT IS ENGAGED IN THE CREATION OF RENEWABLE ENERGY COMPONENTS OR TECHNOLOGY AIMED AT GREENHOUSE GAS EMISSIONS REDUCTIONS TO REDUCE GREENHOUSE GAS EMISSIONS.

[(2)] (II) [Paragraph (1)] SUBPARAGRAPH (I) of this [subsection] PARAGRAPH may not be construed to exempt greenhouse gas emissions sources in the State's manufacturing sector from the obligation to comply with:

[(i)] 1. Greenhouse gas emissions monitoring, recordkeeping, and reporting requirements for which the Department had existing authority under § 2-301(a) of this title on or before October 1, 2009; or

[(ii)] 2. Greenhouse gas emissions reductions required of the manufacturing sector as a result of the State's implementation of the Regional Greenhouse Gas Initiative.

[(h)] (3) A regulation adopted by a State agency for the purpose of reducing greenhouse gas emissions in accordance with this section may not be construed to result in a significant increase in costs to the State's manufacturing sector unless the source would not incur the cost increase but for the new regulation.

(H) (1) AS PART OF THE CONSIDERATION OF ANY REGULATION OF THE PRODUCTION OF CEMENT UNDER THIS SECTION, THE DEPARTMENT SHALL CONSIDER:

(I) THE EXTENT TO WHICH CEMENT MANUFACTURING IS AN ENERGY INTENSIVE AND TRADE EXPOSED INDUSTRY;

(II) CREDIT FOR EARLY ACTION INVESTMENTS MADE BY CEMENT PRODUCERS TO REDUCE EMISSIONS OR FOR THE MANUFACTURING OF ALTERNATIVE MATERIALS THAT RESULT IN GREENHOUSE GAS EMISSIONS REDUCTIONS;

(III) THE ADOPTION OF POLICIES THAT ENCOURAGE, FACILITATE, AND OFFER FINANCIAL INCENTIVES FOR THE USE OF ALTERNATIVE FUEL SOURCES;

(IV) THE AVAILABILITY AND COST OF MATURE GREENHOUSE GAS ABATEMENT TECHNOLOGIES; AND

(V) ADVANCING POLICIES THAT PROVIDE FINANCIAL INCENTIVES TO OFFSET THE COSTS OF INSTALLING AND TRANSITIONING TO GREENHOUSE GAS EMISSIONS ABATEMENT TECHNOLOGIES, INCLUDING THE MANUFACTURING OF MATERIALS AND TECHNOLOGY THAT RESULTS IN GREENHOUSE GAS EMISSIONS REDUCTIONS.

(2) IN CONSIDERING THE FEASIBILITY OF REGULATION AND THE ITEMS UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE DEPARTMENT SHALL CONSULT WITH IMPACTED CEMENT PRODUCERS AND OTHER STAKEHOLDERS.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2024.

Approved by the Governor, May 9, 2024.