

**Department of Legislative Services**  
2014 Session

**FISCAL AND POLICY NOTE**

**Revised**

House Bill 207

(Chair, Health and Government Operations Committee  
and Chair, Appropriations Committee)(By Request -  
Departmental - General Services)

Health and Government Operations and  
Appropriations

Budget and Taxation

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**State Capital Projects - High Performance Buildings - Maryland Green Building  
Council**

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This departmental bill broadens the definition of a high-performance building to include any building that complies with a nationally recognized and accepted green building code, guideline, or standard that is reviewed and recommended by the Maryland Green Building Council and approved by the Secretaries of Budget and Management and General Services. It also requires the council to establish a process for receiving public input.

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**Fiscal Summary**

**State Effect:** None. The bill is procedural in nature and has no effect on governmental finances. Any review conducted by the Maryland Green Building Council is within its purview and can be carried out with existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** The Department of General Services (DGS) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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## Analysis

### Current Law:

#### *High-performance Buildings*

Chapter 124 of 2008 required most new or renovated State buildings and new school buildings to be constructed as high-performance buildings, subject to waiver processes established by the Department of Budget and Management (DBM), DGS, and the Board of Public Works (BPW). In fiscal 2010 through 2014, the State is required to fund 50% of the local share of increased school construction costs associated with high-performance buildings.

Chapter 124 defines a high-performance building as one that:

- meets or exceeds the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) criteria for a silver rating; or
- achieves a comparable numeric rating according to a nationally recognized, accepted, and appropriate standard approved by DBM and DGS.

Only new or renovated State buildings that are at least 7,500 square feet and are built or renovated entirely with State funds are subject to the high-performance requirement. Additionally, building renovations must include the replacement of heating, ventilation, air conditioning, electrical, and plumbing systems and must retain the building shell. Unoccupied buildings are exempt from the high-performance mandate, including warehouses, garages, maintenance facilities, transmitter buildings, and pumping stations.

For State buildings, the waiver process must include a review by the Maryland Green Building Council and approval by DGS, DBM, and the Maryland Department of Transportation. The waiver process established by BPW for new schools must include review and approval by the Interagency Committee on School Construction.

#### *Green Building Council*

Chapters 115 and 116 of 2007 codified the Maryland Green Building Council, which had been established by executive order but had been dormant for several years. The council was charged with completing three tasks by September 30, 2007:

- evaluating current green building technologies;

- recommending cost-effective green building technologies that the State may consider incorporating into the construction of new State facilities; and
- developing a list of building types for which green building technologies should not be applied.

Chapters 224 and 225 of 2009 permanently renewed the Maryland Green Building Council's original charge and required that it also provide annual recommendations for expanding green building in the State.

The council consists of 10 *ex officio* members representing State agencies and 6 members appointed by the Governor for two-year terms. Members appointed by the Governor must represent environmental, business, and citizen interests; one member must have expertise in energy conservation or green building design standards.

### *International Green Construction Code*

Chapter 369 of 2011 authorized the Department of Housing and Community Development to adopt the International Green Construction Code (IgCC). It also authorized local governments to adopt and make amendments to IgCC.

**Background:** USGBC is a national coalition of building industry leaders formed to promote construction that is environmentally responsible, profitable, and that creates healthy places to live and work. USGBC developed LEED as a self-assessment tool that measures the extent to which a building meets green building criteria on six dimensions: sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, and innovation and design process. LEED is a numeric rating system, with the rating scale having a maximum score of 69 points and four ratings:

- platinum (52-69 points);
- gold (39-51 points);
- silver (33-38 points); and
- certified (26-32 points).

LEED standards have been adopted by at least half the states and more than 90 local governments. There are more than 1,000 LEED-certified buildings in the country.

To date, DBM and DGS have not approved any alternative to the LEED rating system.

During fiscal 2013, the Green Building Council spent considerable time reviewing and assessing IgCC as a potential alternative to LEED certification. Possible benefits of

using IgCC instead of LEED include a reduction in the costs associated with LEED compliance and certification, the ability to craft a more prescriptive Maryland-focused code, and normalization of green building processes. In its initial review of IgCC, the council resolved to develop a simplified and tailored version for possible use in Maryland. However, because IgCC is prescriptive and code based rather than numerically based, it does not qualify as a high-performance building standard under Chapter 124.

The Green Building Council reports that 42 State building projects have been required to comply with the State's high-performance building requirement, of which 11 have been completed, 8 are under construction, and 23 are in the planning and design stage. In addition, 42 projects that are exempt from Chapter 124 have nevertheless pursued LEED gold or silver certification, including 30 that have been completed. Among schools, there are now 36 occupied schools in the State with at least LEED silver certification, with 20 more under construction and 22 in the planning stage. Almost half of them have achieved LEED gold certification.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Budget and Management, Department of General Services, Maryland Department of Transportation, Public School Construction Program, Maryland Green Building Council, Department of Legislative Services

**Fiscal Note History:** First Reader - February 3, 2014  
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## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: State Capital Projects – High Performance Buildings

BILL NUMBER: HB 207

PREPARED BY: Department of General Services

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

None