

Senate Bill 256 – Environment – Building Energy Performance Standards – Compliance and Reporting

Position: Support with Amendments

February 13, 2025

Senate Finance Committee

The University of Maryland Medical System supports Senate Bill 256 – Environment – Building Energy Performance Standards – Compliance and Reporting and requests a favorable report on the bill with the amendment outlined below. Senate Bill 256 (“SB 256”) is departmental legislation requested by the Maryland Department of the environment (“MDE” or the “Department”) that would (1) extend alternative compliance pathways fees established under the Climate Solutions Now Act of 2022 to expressly include energy use attributable to a building’s failure to meet energy use intensity targets, and (2) authorize the Department to establish a fee on the submission of annual energy use reports.

The University of Maryland Medical System (UMMS) provides primary, urgent, emergency and specialty care at 12 hospitals and more than 150 medical facilities across the state. The UMMS network includes academic, community and specialty hospitals that together provide 25% of all hospital-based care in Maryland. Our acute care and specialty hospitals are located in 13 counties and Baltimore City, and serve urban, suburban and rural communities. At present, UMMS owns or leases nearly 400 buildings statewide. Of these, an estimated 53 buildings meet the statutory definition of a “covered building” and will be subject to the building energy performance standards developed by MDE pursuant to the Climate Solutions Now Act of 2022 (the “Act”). Based on third party analyses, UMMS estimates that a majority of these buildings will be unable to meet the emissions standards adopted by MDE for hospitals or other health care facilities. Conservatively, the cost to bring our covered buildings into compliance would exceed \$200 million.

Recognizing the complexities of health care facilities that require significant reliability and redundancy safeguards under federal law, must be able to operate 24/7/365, and are responsible for providing critical care to patients, the General Assembly directed the Department to give special consideration to the energy demands of hospitals. Specifically, the Act directed MDE to adopt regulations that “include special provisions or exceptions for...the unique needs of

UNIVERSITY OF MARYLAND MEDICAL SYSTEM

University of Maryland Medical Center • University of Maryland Medical Center Midtown Campus •

University of Maryland Rehabilitation and Orthopaedic Institute • University of Maryland Baltimore Washington Medical Center •

University of Maryland Shore Regional Health – University of Maryland Shore Medical Center at Easton –

University of Maryland Shore Medical Center at Chestertown – University of Maryland Shore Medical Center at Dorchester –

University of Maryland Shore Emergency Center at Queenstown •

University of Maryland Charles Regional Medical Center • University of Maryland St. Joseph Medical Center •

University of Maryland Upper Chesapeake Health System – University of Maryland Upper Chesapeake Medical Center –

University of Maryland Harford Memorial Hospital •

University of Maryland Capital Region Health – University of Maryland Bowie Health Center –

Mt. Washington Pediatric Hospital

particular building types, including health care facilities...” (Environment Article § 2-1602(c)(2)(ii)(3)).

On September 6, 2024, MDE published draft Maryland Building Energy Performance Standards (BEPS) in the Maryland Register. The draft regulations did not exempt or establish special provisions to address the unique needs of health care facilities, as mandated under the Act. Rather, the draft BEPS established the same (1) emissions standards timeline, (2) percentage decrease in net direct emissions beginning in 2035, (3) final net zero direct emission standard beginning in 2040, and (4) alternative compliance fee schedule as all other covered buildings. The Maryland Hospital Association (MHA) and several hospitals submitted comment on the draft BEPS regulations highlighting that the proposal was inconsistent with the Act and did not take into consideration the special energy needs of hospitals, emergency departments, or other health care facilities. Despite the significant concerns raised by MHA and others the final BEPS rule was adopted in December without any substantive changes.

Uncertainty surrounding the availability of federal funds to subsidize building renovations will exacerbate the challenges faced by hospitals and other covered buildings seeking to comply with the BEPS. In the “Estimate of Economic Impact” that accompanied the draft BEPS, MDE estimated that the economic impact of the rule on covered buildings would be mitigated by the availability of federal funds through the federal Bipartisan Infrastructure Law and Inflation Reduction Act. The federal funding freeze that was recently announced is likely to significantly reduce or eliminate the availability of these funds, and further limit the ability of hospitals and other covered buildings to comply with the BEPS.

UMMS is committed to reducing its greenhouse gas emissions and combatting climate change. All recent construction or planned new construction, such as the UM Shore Regional Medical Center in Easton, is projected to meet the net zero direct greenhouse gas emissions standard. However, existing properties that provide critical and continuous care across the State will not be able to meet interim emissions standards due to the specialized humidification, ventilation and sterilization requirements of hospitals. Subsequently, UMMS joins MHA and other hospitals in requesting that the Committee clarify its intent in the Climate Solutions Now Act of 2022 to exempt or otherwise accommodate the unique energy demands of hospitals and other health care facilities.

For these reasons, the University of Maryland Medical System supports SB 256 and respectfully requests a *favorable* report on the bill, with the proposed amendment.

For more information, please contact:

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AMENDMENT NO. 1

On page 2, after line 8, insert:

2-1601.

(e) (1) “Covered building” means a building that:

- (i) 1. Is a commercial or multifamily residential building in the State; or
2. Is owned by the State; and
- (ii) Has a gross floor area of 35,000 square feet or more, excluding the parking garage area.

(2) “Covered building” does not include:

- (i) A building designated as a historic property under federal, State, or local law;
- (ii) A public or nonpublic elementary or secondary school building;

(III) A HEALTH CARE FACILITY, AS DEFINED IN § 19-114 OF THE HEALTH-GENERAL ARTICLE;

[(iii)] **(IV)** A manufacturing building; or

[(iv)] **(V)** An agricultural building.