

February 11, 2025

The Honorable Brian J. Feldman
Chair, Senate Education, Energy and the Environment Committee
2 West Miller Senate Office Building
Annapolis, Maryland 21401

RE: MBIA Letter of Opposition to SB256 Environment - Building Energy Performance Standards - Compliance and Reporting

Dear Chairman Feldman,

The Maryland Building Industry Association, representing 100,000 employees of the building industry across the State of Maryland, appreciates the opportunity to participate in the discussion surrounding **SB 256 Environment - Building Energy Performance Standards - Compliance and Reporting**. MBIA currently is opposed to the legislation as written.

As Governor Moore has made clear, the state of Maryland faces a housing crisis¹. As of 2024, the State was at least 120,000 units short according to the National Association of Realtors and Freddie Mac – and the deficit is growing.

Despite that shortfall, MDE's own studies concluded that the Building Energy Performance Standards will cost building owners nearly \$17 billion dollars between now and 2040:

Results from a 2023 study by the U.S. Department of Energy's Lawrence Berkeley and Pacific Northwest National Laboratories demonstrate that during BEPS implementation (2025-2040), all covered buildings combined will spend more on efficiency measures (\$8.8B) and electrification measures (\$6.4B) than the energy cost savings accrued in this period (\$8.96B).

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These costs will inevitably divert funding that would otherwise support new housing and are likely to fall most heavily on affordable housing. MDE's proposed solution to this detrimental impact is for the General Assembly to permit MDE to impose a new "alternative compliance fee" on buildings – including multifamily and affordable housing.

This fee, which will function as a tax, will be set by MDE in regulation rather than by statute. In fact, the bill, as introduced, has no cap on the amount of the tax and even provides that the tax will automatically be increased for inflation.

In addition, the switch from natural gas, heating oil and propane to electricity mandated by the standards will heighten the grid shortages faced by Maryland ratepayers and force the importation of additional electricity from out of state sources.

Should the legislation move forward, MBIA, on behalf of our members who are building and maintaining multifamily and affordable housing, request an exemption for Multi-family housing (until the housing

¹ See e.g., Make Maryland More Affordable

crisis is over) from the punitive building energy performance standards and the alternative compliance tax proposed by MDE. In the alternative, MBIA would request a cap on the fee to be imposed.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org

cc: Members of the Senate Education, Energy and the Environment Committee