



February 12, 2024

The Honorable Marc Korman, Chair
House Environment and Transportation Committee
House Office Building, Room 251
6 Bladen St., Annapolis, MD 21401

Unfavorable – HB 212 – Maryland Building Performance Standards – Fossil Fuel Use

Dear, Chair Korman and Committee Members:

The NAIOP Maryland Chapters representing more than 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate recommend your unfavorable report on HB 212.

This bill requires that the Maryland Codes Administration to amend the Maryland Building Performance Standards to require new buildings meet all energy demands without the use of fossil fuels beginning October 1, 2027, for buildings less than seven stories tall and October 1, 2031, for a building more than seven stories tall.

NAIOP's unfavorable position on HB 212 is based on the following considerations:

- NAIOP does not believe a major energy source should be curtailed before its replacement is in place. The requirement that fossil fuel systems be prohibited in new construction begins October 1, 2027. This abrupt end to fossil fuel use comes at a time when the PJM system operator is warning of electric capacity shortages as early as the 2026/2027 delivery year begins June 1, 2026. There are numerous proposals to increase in-state generation, but it may be several years before they impact the imbalance in electricity supply-demand. This is not the appropriate time to limit access to existing power sources.
- In order to qualify for a waiver, HB 212 requires the installation of a second, shadow mechanical system to make the building, "electric-ready." This is a wasteful and impractical policy that was removed from the Climate Solutions Now Act by the House of Delegates during the 2022 Session.
- The two governing bodies that write the mechanical, building and energy codes adopted by the state and local governments have accelerated the development of codes focused on limiting carbon emissions from buildings. The process of developing these codes will produce decarbonization strategies that are technically feasible, commercially available, and cost-effective for all building types and supported by implementation tools. HB 212 would decouple Maryland from the deliberative approach taken by national building codes.
- Even without HB 212 fewer large fossil fuel buildings will be built because they will be subject to building emissions limits and the requirement that they achieve net zero direct emissions by 2040 as required by the Building Energy Performance Standards.
- HB 212 is based on a New York State law that has been delayed in its implementation.

For these reasons, NAIOP respectfully requests your unfavorable report on HB 212.

Sincerely,

Tom Ballentine, Vice President for Policy
NAIOP Maryland Chapters - *The Association for Commercial Real Estate*

cc: Environment and Transportation Committee Members
Nick Manis – Manis, Canning Assoc.