

NAIOP

MARYLAND CHAPTERS



THE ASSOCIATION FOR
COMMERCIAL REAL ESTATE

February 6, 2025

The Honorable, Ben Barnes, Chair
House Appropriations Committee
120 Taylor House Office Building
Annapolis, Maryland 21401

Unfavorable - HB 437 – Transportation Climate Alignment Act

Dear Chair, Barnes, and Committee Members:

The NAIOP Maryland Chapters represent approximately 700 companies involved in all aspects of commercial, industrial, and mixed-use real estate. On behalf of our member companies, I am writing to recommend your unfavorable report on HB 437.

Proponents assert HB 437 is similar to Colorado legislation that shifted transportation spending into five new Bus Rapid Transit Corridors. Colorado's transportation law is fundamentally different in structure, scope, intent, and feasibility. HB 437 imposes project-blocking conditions on large projects, ties all transportation funding to dated climate-plan modeling assumptions. Colorado's approach contains none of these provisions instead emphasizing land-use integration by creating new high density zoning capacity capable of supporting multimodal transportation infrastructure. Comparisons to Colorado illustrate the differences and shortcomings in HB 437's proposals for management of Maryland's transportation spending.

➤ **Overview of HB 437**

HB 437 would impose a new regulatory structure on major highway capacity expansion projects and other projects in the Consolidated Transportation Program. (CTP) The bill includes the following requirements.

- Project-specific analyses of (1) projected changes in greenhouse gas emissions (GHG), (2) vehicle miles traveled (VMT), and (3) explicit mitigation of induced travel demand are required for large highway expansion projects.
- Each highway expansion project must achieve net-zero or negative GHG emissions by offsetting vehicle emissions through expanded use of multimodal infrastructure such as bicycle lanes, pedestrian walkways, and transit service.
- The offsetting multimodal infrastructure must be funded before or concurrent with the highway project or the highway project must be deferred.
- MDOT is also required to align spending in the Consolidated Transportation Program (CTP) with the modeling assumptions in the state's Climate Pollution Reduction Plan.

➤ **Colorado Does Not Impose a Project Specific Net-Zero Requirement**

HB 437 mandates that every qualifying major project must reach "net-zero or negative" GHG emissions through offsets. This is a hard constraint, not a planning principle. The result will be that projects that cannot mathematically reach net-zero will not be built. Accomplishing net zero emissions for a large highway project

would require massive and sustained shifts in miles traveled from automobiles to bicycle, pedestrian, and transit. The investment in infrastructure would be extraordinarily expensive with no assurance that the public would be willing or able to shift modes of transportation to utilize the new facilities.

By contrast, Colorado’s statewide transportation rules are planning-based. They do not require each major highway project to individually achieve net-zero emissions. The primary policy lever to mode switch is a requirement that local governments provide zoning capacity near transit that achieves a baseline average density of 40 units per acre. This level of density supports frequent bus and rail transit service and creates walkable communities. Adequate zoning density is the key to mixed use neighborhoods, achieving multimodal goals and reducing emissions from the transportation sector. That element is missing in HB 437.

➤ **Colorado Does Not Tie Highway Project Approvals to Funding Multimodal Offsets**

HB 437 requires that MDOT fully fund multimodal offsets either before or concurrent with highway construction or defer the highway project.

Colorado required counties and Metropolitan Planning Organizations to upzone transportation corridors and contains enforcement mechanisms for local zoning compliance but nothing comparable to the no offsets no project veto over transportation capacity.

➤ **HB 437 Legally Binds MDOT to Align the CTP to the State’s Climate Modeling Assumptions**

This provision would tie the CTP to modeling assumptions that with the passage of time and recent events are becoming outdated and unrealistic. These assumptions, developed by the consulting team and MDE staff, would have an outsized influence over the content and implementation of the CTP.

The bill requires MDOT to manage the CTP GHG reductions that are consistent with the emissions reductions “modeled for roads” in Maryland’s Climate Pollution Reduction Plan: Modeling Appendix. But the model measures emissions from the transportation sector – not roads. Reduced SUV and automobile trips are assumed to be taken up by other modes, with motorcycles and high-speed rail increasing faster on a percentage basis than other modes in both 2030 and 2050. Without high-speed rail in place providing accessible timely transportation options to commuters, the modeled results cannot realistically be achieved in the way expected by HB 437.

NAIOP believes Maryland should continue the managed expansion of multimodal transportation infrastructure and climate-conscious planning with an emphasis on integrated land use decision making. From our point of view, HB 437 would codify spending requirements that will misuse public funds, threaten cancellation of important road construction projects like the Key Bridge, and prevent MDOT from responding to important public transportation needs.

For these reasons, NAIOP respectfully requests your unfavorable report on HB 437.

Sincerely,



Tom Ballentine, Vice President for Policy

NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Appropriations Committee Members
Nick Manis – Manis, Canning Assoc.