

**Department of Legislative Services**  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 464

(Senator Pinsky)

Education, Health, and Environmental Affairs and Finance

Environmental Matters

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**State Government - Energy Efficiency Standards**

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This bill makes various changes to the Maryland Energy Efficiency Standards Act established by Chapters 2 and 5 of 2004. The changes generally relate to exceptions to the energy efficiency standards; the effective dates of various requirements; and certification, labeling, and testing.

The bill takes effect June 1, 2005.

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**Fiscal Summary**

**State Effect:** The bill is not anticipated to have a significant impact on State finances.

**Local Effect:** The bill would not directly affect local governments. However, local expenditures for the purchase of specified products could be affected.

**Small Business Effect:** Meaningful.

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**Analysis**

**Bill Summary:** The bill expands a current exception to provide that the energy efficiency standards applicable to commercial refrigeration cabinets do not apply to any refrigerator, freezer, or refrigerator-freezer designed and marketed exclusively for medical, scientific, or research purposes. The bill also repeals the requirements for ceiling fans, exempts large-packaged air-conditioning equipment over 80 tons, modifies the requirements relating to unit heaters, modifies the provisions relating to ceiling fan light kits, and clarifies certain exit sign requirements.

The bill provides that the Maryland Energy Administration (MEA) must provide for public notice and comment prior to adopting procedures for energy efficiency testing; MEA also must adopt procedures by rule.

The bill authorizes, under specified conditions, a manufacturer to submit to MEA another state or federal certification in place of a separate certification for Maryland.

The bill modifies labeling provisions by providing that regulations governing labeling do not apply if a national efficiency standard is established. In addition, the bill requires that all display models must be displayed with a mark, label, or tag on the product. The bill also limits the labeling requirements to products sold through retailers and provides that labels would not be required on both the product and packaging.

The bill authorizes MEA to limit a delay in the effective date of any standard, as provided under current law, to identifiable subcategories of any category of covered products. The bill accelerates the effective date for the implementation of the standards for unit heaters and commercial refrigeration cabinets by six months. The bill also provides for a one-year delay in the effective date of the labeling requirements set forth in regulations.

Finally, the bill establishes a definition for “widely available in Maryland.”

**Current Law/Background:** Chapters 2 and 5 of 2004 (SB 394/HB 747 of 2003) provided for the establishment of minimum energy efficiency standards for specified new products. Regulations adopted by MEA established the standards for nine household and commercial products: (1) torchiere lighting fixtures; (2) unit heaters; (3) certain types of low-voltage dry-type distribution transformers; (4) ceiling fans and ceiling fan light kits; (5) traffic signal modules; (6) illuminated exit signs; (7) commercial refrigeration cabinets (excluding walk-in refrigerators or freezers); (8) large packaged air-conditioning equipment; and (9) commercial clothes washers.

Under current law, no new product may be sold or offered for sale in the State on or after March 1, 2005 unless the energy efficiency of the new product meets or exceeds those standards. On or after January 1, 2006, no new product may be installed in the State unless the product meets those standards. Efficiency standards for commercial clothes washers and ceiling fan light kits do not become effective until March 1, 2007; washers and ceiling fan light kits that do not meet the standards may be installed in Maryland until January 1, 2008. Current law provides for certain exceptions.

MEA is authorized, under specified conditions, to delay the effective date of any standard by up to one year if it determines that products conforming to the standard will not be widely available in Maryland by that date. Pursuant to that provision, in December 2004,

MEA delayed the effective dates for unit heaters, ceiling fans, and commercial refrigeration cabinets from March 1, 2005 to March 1, 2006.

Current law provides for labeling, certification, testing, and inspection of affected products.

**Small Business Effect:** According to MEA, based on a limited survey of ceiling fan manufactures, over 80% of ceiling fans will be prohibited to be sold due to the airflow requirements in current law. Accordingly, by repealing the standards for ceiling fans, the bill will have a positive impact on the ceiling fan industry and associated retailers. Ceiling fan light kits will still need to meet the lighting requirements.

The bill's exemption provisions for specified refrigerators/freezers and large-packaged air-conditioning equipment over 80 tons, as well as the modification to the requirements for unit heaters, also would have a positive impact on small businesses. MEA advises that in some cases, products that meet the standards do not exist, so current law effectively bans the sale of those products in the State.

Small businesses would also benefit from the one-year delay in the effective date of the labeling requirements as well as the bill's other changes to the labeling provisions. The acceleration in the effective date of the standards for unit heaters and commercial refrigeration cabinets (from March 1, 2006 to September 1, 2005), could impose additional costs on affected businesses.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1030 (Delegates Bronrott and McMillan) – Environmental Matters.

**Information Source(s):** Maryland Energy Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2005  
ncs/hlb Revised - Senate Third Reader - March 28, 2005  
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