

Department of Legislative Services
 Maryland General Assembly
 2015 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 262
 Finance

(Senator Jennings)

Environment and Transportation

Maryland Building Performance Standards - Modifications - Energy Codes

This bill requires the Department of Housing and Community Development (DHCD) to adopt modifications to the Maryland Building Performance Standards (MBPS) that allow any innovative approach, design, equipment, or method of construction that can be demonstrated to offer performance that is at least the equivalent to the requirements of the International Energy Conservation Code (IECC); Chapter 13, “Energy Efficiency,” of the International Building Code (IBC); or Chapter 11, “Energy Efficiency,” of the International Residential Code.

Fiscal Summary

State Effect: General fund expenditures increase by \$212,900 in FY 2016 for DHCD to develop and implement a process to renew proposed modifications to MBPS. Future year expenditures reflect annualization, inflation, and the elimination of one-time costs. Revenues are not affected.

| (in dollars) | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 212,900 | 272,200 | 284,900 | 298,100 | 312,000 |
| Net Effect | (\$212,900) | (\$272,200) | (\$284,900) | (\$298,100) | (\$312,000) |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Expenditures for local governments that must implement alternative energy codes as a result of the bill may increase to train local building inspectors and contractors on the new standards. Revenues are not affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary/Current Law: DHCD is required to adopt, as MBPS, the most recent version of IBC, including IECC, along with applicable modifications authorized in Title 12 of the Public Safety Article. Within 12 months of the release of each new version of IBC, DHCD is required to (1) review and consider modifications to IBC; (2) consider changes to IBC to enhance energy conservation and efficiency; (3) accept and consider written comments; and (4) hold a public hearing on each proposed modification. Under the bill, DHCD is also required to review, consider, accept or reject, and hold hearings on alternative energy efficiency code proposals from local jurisdictions and private organizations.

Under current law, DHCD is prohibited from adopting any modification that is more stringent than IBC, except that an energy conservation requirement may be more stringent than IECC. DHCD and local governments may also adopt by regulation the International Green Construction Code.

Background: DHCD currently incorporates by reference the 2015 IBC, including the 2015 IECC, with modifications, as MBPS. In general, the standards apply to all buildings and structures within the State for which a building permit application is received by a local government.

IECC regulates the design and construction of buildings for the effective use and conservation of energy over the useful life of each building. The code is intended to provide flexibility to permit the use of innovative approaches and techniques to achieve this objective. The code has specified provisions for residential buildings and specified provisions for commercial buildings.

The International Code Council was established in 1994 as a nonprofit organization dedicated to developing a single set of comprehensive and coordinated national model construction codes, including IBC, which has been adopted by all 50 states as well as thousands of local jurisdictions.

State Expenditures: General fund expenditures increase for DHCD by \$212,927 in fiscal 2016, which reflects the bill's October 1, 2015 effective date. This estimate reflects the cost of hiring two project administrators and one administrative assistant to develop and implement a process to review alternative energy efficiency code proposals. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

| | |
|-----------------------------------------|------------------|
| Position | 3.0 |
| Salary and Fringe Benefits | \$198,756 |
| Ongoing Operating Expenses | 1,316 |
| One-time Start-up Costs | <u>12,855</u> |
| Total FY 2016 State Expenditures | \$212,927 |

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Small Business Effect: The bill may have a meaningful impact on small businesses engaged in construction to the extent that DHCD adopts modifications to MBPS that affect the cost of compliance with energy efficiency codes.

Additional Information

Prior Introductions: None.

Cross File: HB 323 (Delegate Impallaria, *et al.*) - Environment and Transportation.

Information Source(s): Department of Housing and Community Development, Maryland Energy Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 11, 2015
md/lgc Revised - Enrolled Bill - April 28, 2015

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