

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1240 (Delegate Rose, *et al.*)
Environment and Transportation

Fossil Fuel-Powered Appliances and Vehicles - Installation, Use, and Fees

This bill prohibits the Maryland Department of the Environment (MDE) and the Department of Housing and Community Development (DHCD), or the governing body of a county or municipality, from prohibiting the installation or use of natural-gas and propane-powered appliances in a home that is (1) being constructed or (2) undergoing a remodel or renovation of at least 50% of the square footage of the home. The bill also prohibits the Motor Vehicle Administration (MVA) from charging or collecting a fee, an additional fee, or any other charge for a certificate of title or a vehicle registration issued for a gasoline-powered vehicle that is based on the vehicle's use of gasoline.

Fiscal Summary

State Effect: No direct, immediate effect on State finances, but the bill may restrict the State's ability to take specified actions in the future to comply with the greenhouse gas (GHG) emissions reduction requirements in the Climate Solutions Now Act of 2022 (Chapter 38), as discussed below.

Local Effect: The bill is not anticipated to directly affect local government finances, but it may restrict the ability of local governments to implement electrification initiatives intended to reduce GHG emissions.

Small Business Effect: None.

Analysis

Current Law:

Greenhouse Gas Emissions Reduction Targets and the Climate Solutions Now Act

Chapter 38 made broad changes to the State's approach to reducing statewide GHG emissions and addressing climate change. Among other things, the Act accelerated previous statewide GHG emissions reductions targets originally established under the Greenhouse Gas Emissions Reduction Act by requiring the State to develop plans, adopt regulations, and implement programs to (1) reduce GHG emissions by 60% from 2006 levels by 2031 and (2) achieve net-zero statewide GHG emissions by 2045. The Act also established new and altered existing energy conservation requirements for buildings and increased and extended the EmPOWER Maryland program, as described above.

In December 2023, MDE published [Maryland's Climate Pollution Reduction Plan](#), which was developed to implement Chapter 38.

Chapter 38 also requires the Building Codes Administration within the Maryland Department of Labor (MDL) to (1) develop recommendations for an all-electric building code for the State, including exemptions for particular industries (including life sciences, as specified), local conditions, and sectors deemed critical infrastructure vital to the interest of national security, as specified; (2) develop recommendations for the fastest and most cost-efficient methods to decarbonize buildings and other sectors in the State; (3) assess the availability of technology and equipment that will be needed to construct all-electric buildings in the State; (4) assess the impact of building electrification on workforce shortages; (5) develop recommendations regarding efficient cost-effectiveness measures for the electrification of new and existing buildings; (6) by January 1, 2023, report to the Public Service Commission (PSC) on the projected annual and peak summer and winter gas and electric loading impacts of electrification, as specified; and (7) consider recommendations for the inclusion of renewable, low-carbon biofuels, including biodiesel, during the State's transition to an all-electric building code, including an analysis of the impact on electric and gas rates, market availability, and environmental impact. By January 1, 2023, the Building Codes Administration was required to make an interim report of its findings to the Legislative Policy Committee (LPC). A final report of its findings and recommendations was due by December 1, 2023.

MDL submitted one report to satisfy the reporting requirement to PSC and the interim reporting requirement to LPC. That report can be read [here](#). MDL's final report was submitted in February 2024 and can be read [here](#).

Maryland Building Performance Standards

MDL currently incorporates by reference the International Building Code (IBC) (2021 Edition), including the International Energy Conservation Code (IECC) (2021 Edition) and the International Residential Code for One- and Two-Family Dwellings (IRC) (2021 Edition), with modifications, as the Maryland Building Performance Standards (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. Chapter 38 required MDL to adopt IECC (2018 Edition) by January 1, 2023, and to adopt each subsequent version of IECC within 18 months after it is issued.

Each local jurisdiction must implement and enforce the most current version of MPBS and any local amendments to MPBS. In addition, any modification to MBPS adopted by the State after December 31, 2009, must be implemented and enforced by a local jurisdiction no later than 12 months after the modifications are adopted by the State.

Neither the IBC, IRC, or IECC (2021 Editions) contain provisions that prohibit the installation of natural-gas or propane-powered appliances in residential dwelling units.

Maryland Commission on Transportation Revenue and Infrastructure Needs

Chapter 455 of 2023 established the Maryland Commission on Transportation Revenue and Infrastructure Needs (TRAIN) and required the commission to review, evaluate, and make recommendations concerning:

- the current State funding sources and structure of the Transportation Trust Fund (TTF), including (1) revenue trends that demonstrate weaknesses in the stability of TTF; (2) trends in operating and capital expenditures and how existing resources have constrained programming; (3) trends in the general fund and general obligation support for State transportation expenditures and an analysis of whether this approach to support should continue or transportation expenditures should solely be supported by TTF; and (4) whether revenue funds for transit and roads, bridges, and tunnels should be segregated;
- the methods that other states are employing to fund state transportation operating and capital programs, including toll revenue, vehicle-miles-traveled fees, fees on zero-emission vehicles, and non-transportation-related revenue options;
- short- and long-term construction and maintenance funding needs for transit, highway, pedestrian, bicycle, heavy rail, shipping, air travel, and other transportation needs;
- options for public-private partnerships, including partnerships with local governments, to meet transportation funding needs, including funding options;

- changes in transportation technology and trends that will impact transportation infrastructure needs and costs to the State;
- existing practices for prioritizing project funding and options to better prioritize needs, including local and legislative priorities;
- the structure of regional transportation authorities and the ability of these authorities to meet transportation needs in various regions of the State;
- options for sustainable long-term revenue sources for transportation; and
- options for improving MDOT’s ability and capacity to deliver major capital projects.

The commission was required to submit an interim report of its findings and recommendations to the Governor and the General Assembly by January 1, 2024. That interim report, which includes recommendations regarding potential car registration fee increases, can be read [here](#). A final report is due by January 1, 2025.

All-electric Building Standards – Recent County Action

In November 2022, the Montgomery County Council passed legislation requiring the Montgomery County Executive to issue all-electric building standards for new construction in Montgomery County by December 31, 2026. That legislation and related documentation can be read [here](#). Montgomery County advises that as of March 2024, it is still developing those standards.

In March 2023, the Howard County Council passed legislation requiring the Howard County Executive, among other things, to issue a report on recommendations about changes needed for the Howard County Building Code to require all-electric buildings. That legislation and related documentation can be read [here](#).

Motor Vehicle Administration – Certificates of Title and Vehicle Registrations

MVA is responsible for supplying motor vehicle services to the citizens of Maryland, including driver license services, registration and titling of vehicles, administering vehicle inspection and driver safety programs, and the regulation of businesses related to the sale and rental of motor vehicles and the training of drivers.

Certificate of Title: Generally, the fee for each certificate of title is \$100. However, the fee is lower for rental vehicles (\$50), off-highway recreational vehicles (\$35), and motor scooters or mopeds (\$20).

Vehicle Registrations: Each motor vehicle, trailer, semitrailer, and pole trailer driven on a highway must be registered, subject to limited exceptions. Most classes of vehicle are

currently registered biennially, although some less common classes are registered on an annual basis. Vehicle registration fees vary by vehicle class and weight.

State Fiscal Effect: The bill does not directly affect State finances, but it may restrict future efforts to comply with the GHG emissions reduction requirements in Chapter 38. For instance, although MDE notes that *Maryland's Climate Pollution Reduction Plan* does not address the installation of gas-powered household appliances, the Act requires MDL to make recommendations regarding an all-electric building code that may, at a future date, address that issue. Similarly, titling and registration fees are established in statute, so MVA has no authority to change them. However, the TRAIN commission's interim report raised the prospect of charging different fees for gas-powered and electric vehicles, which would require a statutory change, in part to raise revenue but also to incentivize the purchase of electric vehicles. To the extent that the bill prohibits such changes in the future, it may hamper the State's ability to comply with Chapter 38 and achieve the required reductions in GHG emissions.

Additional Comments: The Department of Legislative Services notes that Chapter 673 of 2018 transferred the Building Codes Administration and related duties from DHCD to MDL.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Howard, Montgomery, and Prince George's counties; Maryland Association of Counties; Maryland Municipal League; Maryland Department of the Environment; Department of Housing and Community Development; Maryland Department of Labor; Department of Legislative Services

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