

HOUSE BILL 49

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(PRE-FILED)

51r0290
CF SB 256

By: **Chair, Environment and Transportation Committee (By Request –
Departmental – Environment)**

Requested: October 9, 2024

Introduced and read first time: January 8, 2025

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Environment – Building Energy Performance Standards – Compliance and**
3 **Reporting**

4 FOR the purpose of altering an alternative compliance fee paid by certain owners of covered
5 buildings under certain circumstances to include the energy use attributable to the
6 building's failure to meet certain energy targets; requiring certain regulations to
7 include a certain annual reporting fee to cover certain costs; requiring the
8 Department of the Environment to deposit alternative compliance fees into the
9 Maryland Strategic Energy Investment Fund; and generally relating to compliance
10 and reporting for Building Energy Performance Standards.

11 BY repealing and reacting, with amendments,
12 Article – Environment
13 Section 2–1602(c)
14 Annotated Code of Maryland
15 (2013 Replacement Volume and 2024 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Environment
18 Section 2–1602(c)
19 Annotated Code of Maryland
20 (2013 Replacement Volume and 2024 Supplement)
21 (As enacted by Chapter 38 of the Acts of the General Assembly of 2022)

22 BY repealing and reenacting, without amendments,
23 Article – State Government
24 Section 9–20B–05(a) and (b)
25 Annotated Code of Maryland
26 (2021 Replacement Volume and 2024 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Article – State Government
3 Section 9–20B–05(e)
4 Annotated Code of Maryland
5 (2021 Replacement Volume and 2024 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
7 That the Laws of Maryland read as follows:

8 **Article – Environment**

9 2–1602.

10 (c) (1) On or before June 1, 2023, the Department shall adopt regulations to
11 implement this section.

12 (2) Regulations adopted under this section shall:

13 (i) Subject to items (ii) and (iii) of this paragraph, include energy
14 use intensity targets by building type;

15 (ii) As necessary, include special provisions or exceptions to account
16 for:

17 1. Building age;

18 2. Regional differences;

19 3. The unique needs of particular building or occupancy
20 types, including health care facilities, laboratories, assisted living and nursing facilities,
21 military buildings, critical infrastructure, and buildings used in life sciences as defined in
22 § 3–201 of the Economic Development Article; and

23 4. The use of district energy systems and biofuels by covered
24 buildings;

25 (iii) Consider the needs of the owners of covered buildings who:

26 1. Are not responsible for the design, modification, fixtures,
27 or equipment of commercial tenants;

28 2. Do not have access to or control over building energy
29 systems that are used or controlled by commercial tenants; or

30 3. Own buildings occupied by commercial tenants who are
31 responsible for all maintenance of and repairs to the buildings;

1 (iv) Provide maximum flexibility to the owners of covered buildings
2 to comply with building energy performance standards;

3 (v) Subject to paragraph (3) of this subsection, include an alternative
4 compliance pathway allowing the owner of a covered building to pay a fee for [greenhouse]:

5 **1. GREENHOUSE** gas emissions attributable to the
6 building's failure to meet direct greenhouse gas emissions reduction targets; and

7 **2. ENERGY USE ATTRIBUTABLE TO THE BUILDING'S**
8 **FAILURE TO MEET ENERGY USE INTENSITY TARGETS;**

9 (vi) To the extent authorized by law, include financial incentives
10 recommended by the Building Energy Transition Implementation Task Force; **AND**

11 **(VII) INCLUDE AN ANNUAL REPORTING FEE TO COVER THE**
12 **ADMINISTRATIVE COSTS UNDER THIS SECTION.**

13 (3) The Department may not set an alternative compliance fee that is less
14 than the social cost of greenhouse gases adopted by the Department or the U.S.
15 Environmental Protection Agency.

16 **(4) THE DEPARTMENT SHALL DEPOSIT AN ALTERNATIVE**
17 **COMPLIANCE FEE COLLECTED UNDER THIS SUBSECTION INTO THE MARYLAND**
18 **STRATEGIC ENERGY INVESTMENT FUND UNDER § 9-20B-05 OF THE STATE**
19 **GOVERNMENT ARTICLE.**

20 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
21 as follows:

22 **Article – Environment**

23 2–1602.

24 (c) (1) On or before June 1, 2023, the Department shall adopt regulations to
25 implement this section.

26 (2) Regulations adopted under this section shall:

27 (i) Subject to items (ii) and (iii) of this paragraph, include energy
28 use intensity targets by building type;

29 (ii) As necessary, include special provisions or exceptions to account
30 for:

1 1. Building age;

2 2. Regional differences;

3 3. The unique needs of particular building or occupancy
4 types, including health care facilities, laboratories, assisted living and nursing facilities,
5 military buildings, critical infrastructure, and buildings used in life sciences as defined in
6 § 3–201 of the Economic Development Article; and

7 4. The use of district energy systems and biofuels by covered
8 buildings;

9 (iii) Consider the needs of the owners of covered buildings who:

10 1. Are not responsible for the design, modification, fixtures,
11 or equipment of commercial tenants;

12 2. Do not have access to or control over building energy
13 systems that are used or controlled by commercial tenants; or

14 3. Own buildings occupied by commercial tenants who are
15 responsible for all maintenance of and repairs to the buildings;

16 (iv) Provide maximum flexibility to the owners of covered buildings
17 to comply with building energy performance standards;

18 (v) Subject to paragraph (3) of this subsection, include an alternative
19 compliance pathway allowing the owner of a covered building to pay a fee for **[greenhouse]**:

20 1. **GREENHOUSE** gas emissions attributable to the
21 building's failure to meet direct greenhouse gas emissions reduction targets; and

22 2. **ENERGY USE ATTRIBUTABLE TO THE BUILDING'S**
23 **FAILURE TO MEET ENERGY USE INTENSITY TARGETS;**

24 (vi) To the extent authorized by law, include financial incentives
25 recommended by the Building Energy Transition Implementation Task Force; **AND**

26 **(VII) INCLUDE AN ANNUAL REPORTING FEE TO COVER THE**
27 **ADMINISTRATIVE COSTS UNDER THIS SECTION.**

28 (3) The Department may not set an alternative compliance fee that is less
29 than the social cost of greenhouse gases adopted by the Department or the U.S.
30 Environmental Protection Agency.

1 **(4) THE DEPARTMENT SHALL DEPOSIT AN ALTERNATIVE**
 2 **COMPLIANCE FEE COLLECTED UNDER THIS SUBSECTION INTO THE MARYLAND**
 3 **STRATEGIC ENERGY INVESTMENT FUND UNDER § 9-20B-05 OF THE STATE**
 4 **GOVERNMENT ARTICLE.**

5 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
 6 as follows:

7 **Article – State Government**

8 9-20B-05.

9 (a) There is a Maryland Strategic Energy Investment Fund.

10 (b) The purpose of the Fund is to implement the Strategic Energy Investment
 11 Program.

12 (e) The Fund consists of:

13 (1) all of the proceeds from the sale of allowances under § 2-1002(g) of the
 14 Environment Article;

15 (2) money appropriated in the State budget to the Program;

16 (3) repayments and prepayments of principal and interest on loans made
 17 from the Fund;

18 (4) interest and investment earnings on the Fund;

19 (5) compliance fees paid under § 7-705 of the Public Utilities Article;

20 (6) money received from any public or private source for the benefit of the
 21 Fund;

22 (7) money transferred from the Public Service Commission under §
 23 7-207.2(c)(3) of the Public Utilities Article; [and]

24 (8) money distributed under § 2-614.1 of the Tax – General Article; AND

25 **(9) ALTERNATIVE COMPLIANCE FEES PAID UNDER § 2-1602(C)(2)(V)**
 26 **OF THE ENVIRONMENT ARTICLE.**

27 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
 28 effect on the taking effect of the termination provision specified in Section 17 of Chapter 38
 29 of the Acts of the General Assembly of 2022. If that termination provision takes effect,
 30 Section 1 of this Act, with no further action required by the General Assembly, shall be

1 abrogated and of no further force and effect. This Act may not be interpreted to have any
2 effect on that termination provision.

3 SECTION 5. AND BE IT FURTHER ENACTED, That, subject to the provisions of
4 Section 4 of this Act, this Act shall take effect October 1, 2025.