



January 29, 2021

The Honorable Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

Oppose - SB 76 – Climate Crisis and Education Act

Dear Senator Guzzone and Committee Members:

The NAIOP Maryland Chapters represent 700 companies involved in development and ownership of commercial, mixed-use, and light industrial real estate, including some of the largest property owners in the state. NAIOP's membership is comprised of a mix of local firms and publicly traded real estate investment trusts that are invested in the future of Maryland but also have experience in national and international markets.

Success in climate mitigation fits the ambition and values of commercial real estate. For decades, NAIOP's member companies have been dedicated to energy efficiency, conservation, and high-performance construction. That commitment is one of the primary reasons that for 20-years Maryland has been among the top ten states in the country for LEED certified buildings.

SB 76 sets new greenhouse gas reduction goals for the state and establishes a carbon tax and invest scheme for transportation and non-transportation fossil fuels. The structure of the proposal contains several provisions that raise concerns that it would be counter-productive and ultimately would not be an effective method to meet long-term climate mitigation goals.

Greenhouse gas reductions from carbon tax schemes depend on spending the proceeds on practices that reduce emissions and on the adoption of climate friendly behavioral changes by households and businesses who receive the pricing signal and make changes to avoid paying the tax.

The structure of SB 76 frustrates both key elements. First it directs the tax proceeds to Kirwan related education spending which will not reduce greenhouse gas emissions. Second, the structure returns tax proceeds to taxpayers diluting the price signal and the motivation to adopt climate friendly changes. The bill's carbon tax of \$20 to \$60 dollars per ton of carbon emitted on vital heating, cooking, hot water and transportation fuels would be devastating to the finances businesses that generally get no rebate. The tax would be applied to at a time when the market for zero carbon alternatives is not well developed and barriers still exist that prevent households and businesses from avoiding the additional tax.

For these reasons NAIOP respectfully recommends your unfavorable report on SB 76.

Sincerely;

A handwritten signature in blue ink, appearing to read "T.M. Ballentine".

Tom Ballentine, Vice President for Policy
NAIOP Maryland Chapters -*The Association for Commercial Real Estate*

cc: Senate Budget and Taxation Committee Members
Nick Manis – Manis, Canning Assoc.