



March 23, 2022

The Honorable Kumar P. Barve, Chair  
House Environment and Transportation Committee  
House Office Building, Room 251  
6 Bladen St., Annapolis, MD 21401

Support w/ Amendments – SB 528 – Climate Solutions Now Act of 2022

Dear, Chair Barve and Committee Members:

The NAIOP Maryland Chapters represent some of the largest property owners and providers of real estate services to commercial, industrial, and mixed-use tenants in the state. NAIOP's membership is comprised of local firms and publicly traded real estate investment trusts that have a strong commitment to high performance building technologies and experience with energy efficiency and climate mitigation. On behalf of our member companies, I am writing to offer amendments to Senate Bill 528 in its current form.

NAIOP has supported reauthorization of the Greenhouse Gas Reduction Act [GGRA] and values the framework it established for achieving emissions reductions while also adhering to performance characteristics that ensure, economic benefits, stable energy price and supply, minimized leakage, and providing for mitigation through market-based mechanisms. We do not believe SB 528, in its current form, meets the GGRA's performance standards.

The Senate's addition of energy use reduction requirements to the existing carbon emissions reductions in the bill as introduced, greatly expands the universe of buildings that are regulated by the bill. Now, fully electrified existing buildings that generate no on-site carbon emissions are subject to significant compliance obligations.

SB 528 presents an extremely challenging, poorly supported compliance pathway for the owners and occupants of apartments and commercial buildings.

1.5 billion square feet of space in more than 14,000 apartment, commercial and mixed-use buildings meet the threshold in the bill but there is no commitment of government or utility financial subsidies to fill funding gaps. This leaves building owners and occupants exposed to unfunded retrofit mandates.

The bill does not include a Climate Commission recommendation that incentives be scaled up to ensure that the combined effect of utility savings and incentives result in a 5–7-year payback period for the capital and operating cost of retrofits.

The alternative compliance fee in the bill provides potential relief but the bill does not set an upper limit on the amount or the frequency of the fee.

The bill authorized local governments to adopt their own more stringent buildings standards, faster deadlines and higher compliance fees.

We have attached amendments that address these concerns and respectfully recommend your favorable with amendments report on SB 528.

Sincerely,

A handwritten signature in blue ink that reads "Tom Ballentine".

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

cc: House Environment and Transportation Committee  
Nick Manis – Manis, Canning Assoc.

## Amendment on Local Building Codes

On page 64, line 25, after DEPARTMENT, insert:

AND THE PUBLIC SERVICE COMMISSION HAS DETERMINED THAT THE MORE STRINGENT STANDARDS ARE CONSISTENT WITH INFRASTRUCTURE PLANS DEVELOPED BY THE COMMISSION TO ACCOMMODATE THE ADDITIONAL LOAD OF BUILDING DECOMMISSIONING

In context:

(E) (1) A COUNTY MAY DEVELOP AND ADOPT LOCAL BUILDING ENERGY PERFORMANCE STANDARDS THAT ARE AT LEAST AS STRINGENT AS THE STANDARDS DEVELOPED BY THE DEPARTMENT, IF THE COUNTY'S STANDARDS ARE APPROVED BY THE DEPARTMENT AND THE PUBLIC SERVICE COMMISSION HAS DETERMINED THAT THE MORE STRINGENT STANDARDS ARE CONSISTENT WITH INFRASTRUCTURE PLANS DEVELOPED BY THE COMMISSION TO ACCOMMODATE THE ADDITIONAL LOAD OF BUILDING DECOMMISSIONING.

Amendment to add Task Force Members

Adds Representative from Statewide Building Owner's Associations to the Task Force studying Financial Incentives for Building Owners.

On page 68, after line 30, insert:

“(XII) ONE REPRESENTATIVE OF A STATEWIDE MULTIFAMILY BUILDING ASSOCIATION;

(XIII) ONE REPRESENTATIVE OF A STATEWIDE COMMERCIAL OR INDUSTRIAL BUILDING ASSOCIATION;”

Amendment on Consideration for Task Force Incentives

On page 69, after line 15, insert:

“(III) CONSIDER THE RECOMMENDATION OF THE MARYLAND CLIMATE CHANGE COMMISSION THAT FINANCIAL INCENTIVES BE SCALED TO ASSURE THAT THE COST OF ENERGY PERFORMANCE IMPROVEMENTS WOULD BE RECOUPED IN NOT MORE THAN SEVEN YEARS”

In context:

(F) (1) THE TASK FORCE SHALL:

(I) STUDY AND MAKE RECOMMENDATIONS REGARDING THE DEVELOPMENT OF COMPLEMENTARY PROGRAMS, POLICIES, AND INCENTIVES AIMED AT REDUCING GREENHOUSE GAS EMISSIONS FROM THE BUILDING SECTOR IN ACCORDANCE WITH THIS SUBTITLE; ~~AND~~

(II) MAKE RECOMMENDATIONS ON TARGETING INCENTIVES TO ELECTRIFICATION PROJECTS THAT WOULD NOT OTHERWISE RESULT IN STRONG RETURNS ON INVESTMENT FOR BUILDING OWNERS; AND

(III) CONSIDER THE RECOMMENDATION OF THE MARYLAND CLIMATE CHANGE COMMISSION THAT FINANCIAL INCENTIVES BE SCALED TO ASSURE THAT THE COST OF ENERGY PERFORMANCE IMPROVEMENTS WOULD BE RECOUPED IN NOT MORE THAN SEVEN YEARS; AND

(IV) DEVELOP A PLAN FOR FUNDING THE RETROFIT OF COVERED BUILDINGS TO COMPLY WITH BUILDING EMISSIONS STANDARDS.

Amendment on Social Cost of Carbon

On page 64, line 17, strike "IS LESS THAN THE SOCIAL COST OF GREENHOUSES GASES ADOPTED BY THE DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY."

And insert "FIFTY-ONE DOLLARS PER METRIC TON OF GREENHOUSE GAS EMITTED."

In context:

(3) THE DEPARTMENT MAY NOT SET AN ALTERNATIVE COMPLIANCE FEE THAT ~~IS LESS THAN THE SOCIAL COST OF GREENHOUSE GASES ADOPTED BY THE DEPARTMENT OR THE U.S. ENVIRONMENTAL PROTECTION AGENCY.~~ FIFTY-ONE DOLLARS PER METRIC TON OF GREENHOUSE GAS EMITTED .

Amendment on MDE Regulations

On page 66, after line 15; insert:

(V) ASSURE THAT BUILDING RETROFITS REQUIRED BY THE REGULATIONS ARE TECHNICALLY FEASIBLE, COMMERCIALY AVAILABLE, AND COST-EFFECTIVE FOR OWNERS AND OCCUPANTS AFTER CONSIDERING FINANCIAL INCENTIVES;