

## Senate Bill 528 – Climate Solutions

March 24, 2022



Dear Environment and Transportation Committee:

The Restaurant Association of Maryland remains seriously concerned about the potential effects of Senate Bill 528 on Maryland's restaurant and foodservice industry.

Although we appreciate amendments adopted in the Senate that removed the ban on fossil fuels for water and space heating in new construction, we still have serious concerns about the effect of language in the bill requiring emissions reductions for existing covered buildings. Although restaurant floor space is far below this legislation's 25,000 square feet threshold for covered buildings, many restaurants are in shopping centers, malls and ground-level retail space of office buildings, and would be affected by the same emissions reductions that their building owners would be required to achieve. As covered building owners are required to comply with the reduced emissions goals, they will likely demand that their tenants also make changes. Restaurant businesses located in such covered buildings could be forced to decide between replacing their fossil fuel-based kitchen equipment/appliances with electric or relocating. And many restaurants may not be able to afford any alternative compliance pathway fee that a covered building owner may pass on to tenants.

Restaurants rely on the efficiency and performance of gas for commercial cooking. Electric cooking equipment is generally more expensive, much costlier to operate, and lacks the performance that commercial kitchens require. Restaurants also rely on the efficiency of gas to meet hot water demands. Electric water heaters are not as efficient for commercial uses that require higher water temperatures and flow rates. And because of the significantly higher cost of operating electric equipment in commercial kitchens, restaurants would not be able to recoup the cost of switching out their equipment through energy savings.

And it remains unknown whether regulations adopted by the Department regarding building energy performance standards will include any exceptions to account for the unique needs and equipment of restaurant/foodservice commercial tenants of covered buildings.

We are also concerned about new language in SB 528 that allows local jurisdictions to adopt more stringent building energy performance standards than State law. This is particularly concerning to restaurants that operate in multiple jurisdictions.

Given the nature of the restaurant industry, our unique operating needs and historically narrow profit margins, we hope the General Assembly will consider ways to mitigate the impact of this legislation on Maryland's restaurant/foodservice industry.

Sincerely,



Melvin R. Thompson  
Senior Vice President  
Government Affairs and Public Policy