



**LEGISLATIVE POSITION:**

**UNFAVORABLE**

**House Bill 831**

**Reducing Greenhouse Gas Emissions – Commercial and Residential Buildings**

**House Environment and Transportation Committee**

**Friday, February 25, 2021**

Dear Chairman Barve and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

HB 831 requires the Maryland Department of the Environment to establish and adopt new building emissions standards for commercial and residential building. The bill also establishes a task force to study and make recommendation on ways to reduce greenhouse gas emissions from the building sector and on future ways of alleviating the cost of retrofitting buildings to meet the new emissions reduction standards. The Chamber's primary concerns include:

1. This legislation calls for new and aggressive requirements for all commercial buildings, except those designated as historic. HB 831 requires MDE to adopt new building emission standards that produce a 20% reduction in direct building emissions by 2030 and net-zero by 2040. This net-zero requirement is **ten years ahead** of the goals set by the federal government, which most companies have based their GHG/sustainability plans on. With an extraordinarily quick adoption time, HB 831 is setting commercial buildings up for compliance failure.
2. Further, HB 831 imposes a building tax on existing commercial buildings that are unable to reduce their carbon emissions by the schedule outlined in the legislation. The fee for this tax will be at least \$51 per ton. For a sector that is under enormous pressure from the economic fallout of COVID-19, levying an additional tax will only further harm anemic recovery.
3. Finally, although well-intentioned, the Building Energy Transition Implementation Task Force will not realistically be able to study and produce recommendations on ways to offset the enormous cost of retrofitting commercial buildings in a timeframe that will

provide real relief to those on the hook for the retrofit. For commercial buildings to meet the fast-paced timeline in HB 831 they will need to begin their reduction strategies now, which will likely include some level of retrofit. Incentives and other cost savings measures are years away under HB 831.

HB 831 creates significant challenges for existing businesses and future economic development in Maryland. This legislation requires costly retrofits and upgrades on commercial buildings without any real or immediate means of offsetting costs or providing incentives. Further, it adds a new tax on those businesses that cannot comply, which is likely under the timeframe. It also upends many corporate GHG reduction and sustainability plans by setting goals out of line with our federal government and international organizations. Finally, it places Maryland at a significant regional economic competitiveness disadvantage by ultimately phasing out the use of other affordable energy sources for commercial buildings that are critical to **every** jurisdiction in our State.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on HB 831.

