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SB 528

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VIA EMAIL

The Honorable Chairman Kumar Barve
Maryland Education, Health, and Environmental
Affairs
The Honorable C. T. Wilson
Economic Matters Committee
Annapolis, Maryland 21401

Re: **SB528 - Climate Solutions Now Act**

Dear Chairman Barve and Wilson:

NAIOP and MBIA support Senate Bill 528 with the attached amendments.

Both organizations favor the adoption of reasonable strategies and responsible, technically sound regulations designed to reduce greenhouse gases on schedules and using methods that minimize economic disruption and result in an orderly energy transition for buildings and tenants. Unfortunately, Senate Bill 528 as passed failed to include some necessary provisions. If these provisions are added by amendment then the organizations support the bill.

Local Actions and Grid Reliability

The Bill explicitly allows local jurisdictions to move forward with all-electric building codes BEFORE the Public Service Commission develops a utility transition plan. As recognized in the bill's uncodified language, a transition to an all-electric code will require additional infrastructure "to accommodate the additional load." In fact, the bill requires the PSC to "determine whether the electric grid throughout the State is capable of accommodating the additional load of building electrification."

Despite the recognition of that threat to the grid, the bill explicitly allows local jurisdictions to move ahead with all-electric building codes before the PSC determines that the grid can support full electrification without failure. Brownouts and blackouts do not respect county lines. Local jurisdictions should be required to wait until the PSC completes the mandated study before moving ahead.

Variable Carbon Tax for Existing Buildings

The proposed tax on buildings will be variable and outside the control of the General Assembly. The bill provides that the tax must be at least the “social cost” determined by EPA. That “social cost” has varied widely and is, to a large extent, subjective. During the Obama Administration, EPA set that cost at \$51 a ton. During the Trump Administration, the value was lowered to \$1 a ton. The Biden Administration restored the Obama number on an interim basis while it considers an increase to \$120 a ton. Future volatility is assured. By tying the tax to this measure, the General Assembly has delegated the taxing authority to EPA.

We propose that the “fee in lieu” be tied to the current social cost and altered only by the Assembly.

Representation on the Task Force

The Task Force considering financial incentives lacks representatives of building owners from state-wide organizations. The financial incentives are crucial to the success of the programs and should be added to the Task Force.

Adjustment to Cost-Effectiveness Criteria

Also attached is proposed language adjusting the criteria for determining cost effectiveness.

Sincerely,

Michael C. Powell

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MCP/MCP