



TESTIMONY OF MIKE NEROZZI  
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ON BEHALF OF  
THE AIR-CONDITIONING, HEATING, AND REFRIGERATION INSTITUTE

BEFORE THE MARYLAND STATE SENATE  
EDUCATION, ENERGY, AND ENVIRONMENT COMMITTEE

HEARING ON SENATE BILL 741

MARCH 7, 2023

Good morning, Chair Feldman, Vice Chair Kagan, and members of the Senate Education, Energy, and Environment Committee. My name is Mike Nerozzi, and I am the Director of Government Affairs for the Air-Conditioning, Heating, and Refrigeration Institute (AHRI). Thank you for allowing me to speak with you today and convey AHRI's strong support for Senate Bill 741, sponsored by Senator Jackson, which includes language that will provide the HVACR industry with the certainty needed to comply with forthcoming federal regulations phasing down the use of hydrofluorocarbons (HFCs) in refrigerants.

AHRI represents more than 330 manufacturers of air conditioning, heating, commercial refrigeration, and water heating equipment. Our member companies, some of which operate factories or are headquartered here in Maryland, produce more than 90 percent of the residential and commercial air conditioning, heating, and commercial refrigeration equipment made in North America. We are also pleased to share with you that the HVACR industry supports nearly 7,000 jobs in Maryland and more than 571,000 jobs nationwide.

As members of the Committee may be aware, the federal American Innovation and Manufacturing Act (AIM Act) is phasing down the production and import of a class of chemicals known as hydrofluorocarbons (HFC), which are primarily used as refrigerants in air conditioners and refrigerators, along with other applications, such as foams, solvents, and fire suppressants.

The U.S. Environmental Protection Agency (EPA) is in the process of implementing the AIM Act in a way that will guide an orderly, market, consumer, and environmentally friendly transition to a range of new substitute refrigerants. Hundreds of substitutes exist and are commercially available for all major uses of HFCs. U.S. manufacturers already are planning the transition to these new refrigerants, which are creating jobs, stimulating new investment, and positioning the U.S. to sustain its technological leadership in the heating, ventilation, air conditioning, and refrigeration industry across the world.

The challenge our industry and U.S. consumers are facing is that many state building codes do not currently allow the use of certain substitute refrigerants, including in Maryland. AHRI and its member companies are working diligently to amend state building codes to allow these substitute refrigerants and avoid any marketplace disruptions as the EPA transition begins.

To date, more than 20 states have adopted changes to state building codes substantially similar to the language included in SB 741, including in New York and Pennsylvania. Most other states, including Delaware, New Jersey, and Virginia, are in the process of doing so either through legislation or regulatory action. By the end of 2023, if not sooner, AHRI is expecting all state building code changes will be complete.

The most important issue right now is time. New regulations proposed by EPA will significantly restrict the upstream supply of HFCs beginning in 2024 and, separately, prohibit the use of certain HFCs in most new air conditioning and refrigeration product categories in 2025.

As manufacturers start to transition product lines to HFC substitutes, they need to know that they can sell products with these HFC substitutes in all U.S. markets, including Maryland. The most significant barrier these manufacturers face to doing so is the state's building code.

What SB 741 does is amend the state's building code this year to allow any HFC substitute that has already been approved by EPA to be used in air conditioning and refrigeration equipment. If this change is not made this year, manufacturers will face significant risk of being unable to sell new air conditioning and refrigeration equipment into the state once new EPA regulations take effect. SB 741 does not make any other change to state law; it simply removes a barrier to ensure Maryland consumers and businesses enjoy uninterrupted access to HVACR equipment with the latest, most advanced, and most climate-friendly technologies available.

The climate benefits of AIM Act implementation are considerable. Because many HFCs are thousands of times more powerful than carbon dioxide at warming the planet, the transition from HFCs will reduce U.S. greenhouse gas (GHG) emissions by approximately 2.4 billion tons of carbon dioxide-equivalent by 2036. Globally, the federal AIM Act assures U.S. compliance with the Kigali Amendment to the Montreal Protocol, which phases down HFCs worldwide and avoids up to 0.5°C of projected warming by 2100.

Thank you again for the opportunity to present testimony at this hearing. AHRI looks forward to continuing to work with the Maryland legislature to achieve both the economic and environmental benefits of the phase down of HFCs.