



Senate Bill 807

Position: Unfavorable

Committee: Senate Education, Energy, and the Environment

Date: February 27, 2025

Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

Senate Bill 807 (SB 807) authorizes counties to adopt and enforce local building energy performance standards (BEPS) that are at least as stringent as certain standards adopted by the Maryland Department of the Environment if the standards are approved by the Department. While the Chamber recognizes the intent of SB 807, which is to provide a framework for aligning state and local BEPS, we are concerned that the legislation could lead to a fragmented regulatory landscape, creating compliance challenges for businesses that operate across multiple jurisdictions.

Regulatory Complexity and Compliance Concerns

The Chamber has serious concerns about the economic and regulatory burdens SB 807 would impose on businesses, property owners, and consumers by creating a fragmented and costly compliance landscape. SB 807 would allow up to 24 different jurisdictions to establish their own BEPS regulations, creating a patchwork of mandates that building owners and businesses would have to navigate. Even more troubling is the authorization for counties to adopt BEPS that are more stringent than the state standards. This provision creates the potential for highly inconsistent and unpredictable compliance requirements across the state, forcing businesses to navigate a maze of differing standards.

This regulatory uncertainty is particularly concerning for industries that operate across multiple jurisdictions, as they would be forced to comply with varying, and potentially more onerous, requirements in different counties. Such a system would increase costs, hinder investment, and create a significant competitive disadvantage for Maryland businesses compared to neighboring states.

The financial impact of BEPS compliance is already projected to be in the billions under MDE's recently finalized regulations. According to the Department's estimates, costs to comply with energy efficient and electrification measures could reach over \$15 billion, only to achieve \$9 billion in overall energy savings long-term.

Need for a Uniform, Transparent Regulatory Process

Maryland should look to best practices from other states when considering the appropriate regulatory framework for building energy codes. Delaware, for example, amended its legislation (SB289) to ensure that local jurisdictions may not adopt a stretch code that would replace or supersede the most recent energy code adopted by the State, unless the local jurisdiction initiates the same formal regulatory process required at the state level at least 6 months prior to adoption. The bill also stipulates that any local codes must be based on established, published standards from a recognized code-making body (like the International Code Council or International Energy Conservation Code), rather than being arbitrarily created. These provisions provide consistency and fairness.

SB 807 does not include similar safeguards and lacks a uniform process to ensure fairness and transparency. Without a standardized regulatory process for local BEPS adoption, Maryland businesses and property owners will face unpredictable and costly mandates that vary from county to county. We strongly urge the committee to consider the approach Delaware took to ensure that any changes to building performance standards follow a uniform and transparent process.

Preemption and Legal Considerations

Local BEPS regulations may run afoul of federal law. The federal Energy Policy and Conservation Act (EPCA) preempts state and local regulations that effectively ban certain energy sources or appliances, such as gas furnaces and water heaters. Given that BEPS regulations are designed to reduce greenhouse gas emissions by shifting buildings to electric-only systems, SB 807 raises concerns over EPCA preemption, potentially leading to costly legal challenges for both local governments and affected businesses.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on SB 807.

