

# MHLA

## Maryland Hotel Lodging Association

### **Testimony in Opposition to HB 49**

Environment - Building Energy Performance Standards - Compliance and Reporting  
*Environment and Transportation Committee – February 12, 2025*

The Maryland Hotel Lodging Association (MHLA) serves as the sole statewide trade association dedicated to advocacy for Maryland's 750+ hotels. Our industry employs more than 25,000 individuals and provides the state with \$2 billion in state and local taxes, \$6 billion in total wages and salaries, and \$9 billion in spending by hotel guests contributing to Maryland's economy.

MHLA is supportive of the lodging industry doing all that is reasonably possible to assist the state with meeting climate goals, including working to lower emissions through building energy performance standards. However, we have questions and concerns related to HB 49 as introduced.

- This bill proposes establishment of alternative compliance fees for covered buildings that are unable to meet mandated energy use intensity (EUI) targets. The EUI targets have not yet been set, so we generally do not feel comfortable supporting an alternative compliance fee as proposed in this bill.
- The bill does not set a cap or describe how the alternative compliance fees will be calculated.
- This bill would require an annual reporting fee to cover administrative costs. We are concerned with the overall cost of compliance as this annual reporting fee is not defined or capped in the bill. Additionally, building owners will incur the expense of third-party verification of reporting every 5 years.
- This bill establishes that "alternative compliance fees" would be deposited into the Maryland Strategic Investment Fund (SEIF) but does not specify how these alternative compliance fees may be utilized. Has consideration been given to earmarking these funds for the precise purpose of helping covered building owners to comply with current and future BEPS?

We feel that a "one size fits all" approach for determining EUI at a hotel is problematic. Occupancy rates vary day by day and from one hotel to the next based on many factors, such as peak vs non-peak demand, seasonality, meetings, conventions, etc. A full-service hotel with banquet space has drastically different energy needs than a select-service hotel without any banquet or meeting space.

Additionally, it is important to point out that hotels may be unable to meet EUI targets due to factors outside of their control, i.e. the end user of energy within a hotel is often the guest who controls their own in-room amenities.

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Switching from gas to electric equipment presents efficiency concerns for hotels, especially in high-energy usage areas like pool heaters, laundry dryers, and boilers. For example, gas boilers typically achieve 90-95% efficiency, while electric boilers often have an efficiency rate of 99%, but their operational costs can be 3-4 times higher due to electricity's higher cost per BTU. Similarly, commercial gas dryers can complete a cycle 30% faster than electric dryers, reducing bottlenecks during peak times. Inadequate hot water supply and slower drying times could result in guest dissatisfaction, particularly during peak usage. Labor costs would be negatively impacted as well with associates waiting for either linen to be available for guestroom completion or to fold and restock for the following morning due to exponentially longer drying times. This too would be an undue burden on operators and owners. Again, replacing these two components of a hotel's operation with electrical equipment will greatly decrease efficiency, increase guests' frustrations and actually increase our energy usage and costs due to the fact that there are no viable, efficient electrical options at this time.

There are many costs and challenges that must be considered by a hotel looking to come into compliance with Maryland BEPS, as outlined below:

- Life left on existing systems; cost and availability of new equipment (primarily boilers and laundry equipment)
- Upfront capital for retrofitting or upgrading systems
- Rewiring for electric replacements; overall capacity and reliability of the grid
- Occupancy and guest expectations throughout "construction / retrofitting" and the need for sustained operations 24/7

Whether coming into compliance with BEPS or paying alternative compliance fees, this will be a significant expense for hotel owners to bear. While we share the state's goals of sustainability, we hope to avoid having undue burdens placed on hotel owners as a result of BEPS and related legislation.

Respectfully submitted,

Amy Rohrer, President & CEO