



**The Maryland Department of the Environment
Secretary Serena McIlwain**

House Bill 1217

***Environment - Building Energy Performance Standards and Energy Use Intensity Targets -
Exemptions***

Position: Information
Committee: Education, Energy, and the Environment
Date: March 11, 2026
From: Jeremy D. Baker, Director of Government Relations

The Maryland Department of the Environment (MDE) offers the following letter of information for HB 1217.

Bill Summary

House Bill 1217 would amend the law establishing Maryland's Building Energy Performance Standards (BEPS). The bill would exempt any covered building that received a use and occupancy permit before June 1, 2022 from having to comply with BEPS and energy use intensity (EUI) targets until the covered building needs to replace lighting, heating, ventilation, and air conditioning (HVAC) systems, or other components due to component failure or as a result of the end of life of those components.

Position Rationale

During the 2025 legislative session, the Maryland General Assembly passed legislation, HB 49 or *Environment - Building Energy Performance Standards - Alterations and Analysis* requiring the Department to conduct an analysis of the costs and benefits of BEPS policy options (direct emission reductions requirements, EUI requirements, and a combination of both). This analysis must specifically examine lifecycle costs of the building and equipment and cost effectiveness for building owners, and include policy considerations, recommendations and potential scenarios, all due by December 31, 2026. Consequently, any further BEPS policy consideration should be addressed only after this legislatively mandated analysis is published.

House Bill 1217 would require MDE to establish a process to track both occupancy permits and the necessity of replacing systems which goes beyond the Department's existing authority and efforts relating to BEPS. Due to this new exemption, MDE would have to create a list of covered buildings that received a use and occupancy permit before June 1, 2022, and be required to keep track of those buildings' individual lighting and HVAC systems and whether they failed or are close to failure by virtue of being at the end of their useful life. As such, MDE anticipates a high fiscal impact associated with the system tracking and the in-person inspections of over 10,500 covered buildings per existing MDE regulations.

The existing law already includes a provision to allow building owners to delay making upgrades needed to meet performance standards by paying an alternative compliance fee, which incentivizes owners to invest in building upgrades. The proposed bill would eliminate the alternative compliance fee for these buildings, thus further delaying the emissions benefits needed to meet Maryland's climate goals.

MDE hopes that this information is useful for the Committee during its deliberations on HB 1217 and is available for any questions.

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