



February 25, 2026

Maryland House of Delegates  
Del. Marc Korman, Chair  
Environment and Transportation Committee  
250 Taylor House Office Building  
Annapolis, Maryland 21401

**RE: Support for HB0988 - Environment - Building Energy Performance Standards - Repeal**

Chairman Korman and Members of the Committee,

My name is Ruth Toomey, and I am the Executive for the Maryland Tourism Coalition (MTC). MTC is a statewide trade association representing businesses and organizations across every sector of Maryland's tourism industry. Our mission is to support tourism-related enterprises through education, collaboration, and advocacy. I respectfully urge the Maryland House of Delegates to carefully consider the unintended economic consequences that the current Building Energy Performance Standards (BEPS) framework is imposing on Maryland's tourism-related businesses—particularly hotels, convention centers, and large entertainment venues.

**Impact on Tourism-Dependent Businesses**

Maryland's tourism economy is a critical driver of jobs, tax revenue, and small business growth. Hotels, conference centers, event venues, and hospitality operators function on long-term capital planning cycles. Their business models depend on predictable reinvestment schedules for major mechanical systems such as:

- HVAC systems
- Commercial boilers and chillers
- Commercial kitchen equipment
- Building automation systems
- Large-scale electrical and lighting infrastructure

Under current BEPS requirements, many properties are being forced to replace functioning equipment well before the end of its useful life in order to meet mandated performance thresholds. This creates several serious challenges:



### **1. Accelerated Capital Expenditures**

Hotels and large venues typically plan equipment replacement on 20–30 year life cycles. BEPS compliance timelines may require replacement 5–10 years early. Premature replacement:

- Strands capital already invested
- Reduces return on investment
- Disrupts long-term asset management planning
- Forces financing under compressed timelines

For a full-service hotel or convention property, these upgrades can reach millions of dollars per building. Unlike manufacturing facilities, hotels operate on relatively thin margins and high debt structures.

### **2. Competitive Disadvantage for Maryland**

Tourism is highly competitive across state lines. Neighboring states without similarly aggressive performance mandates offer:

- Lower capital compliance costs
- Greater regulatory predictability
- More flexible upgrade schedules

Large event planners, conventions, and tour operators are cost-sensitive. When compliance costs are passed through to room rates, venue rental fees, and event pricing, Maryland becomes less competitive as a destination.

### **3. Reduced Reinvestment in Guest Experience**

Capital budgets are finite. When operators must redirect millions toward early mechanical replacement solely for regulatory compliance, those funds are no longer available for:

- Property renovations
- Guest room upgrades
- Safety improvements
- Workforce investments



- Marketing and tourism promotion

This ultimately diminishes Maryland’s hospitality product quality over time.

#### 4. Increased Demand on the Electric Grid

The transition requirements embedded in BEPS—particularly mandates that encourage or require electrification of building systems—will significantly increase demand on Maryland’s electric grid.

For hotels and large venues, electrification often means:

- Replacing natural gas boilers with electric heat pump systems
- Converting commercial kitchens to electric equipment
- Installing electric domestic hot water systems
- Upgrading to high-capacity electric chillers

These changes can dramatically increase peak electrical load, especially during high-occupancy periods and large-scale events.

Key concerns include:

- **Grid Capacity Constraints:** Maryland already faces grid reliability challenges during peak summer and winter demand. Large-scale electrification without corresponding generation and transmission expansion may strain infrastructure.
- **Higher Demand Charges:** Hotels and event venues operate during peak periods. Increased load can trigger higher demand charges from utilities, substantially increasing operating costs.
- **Infrastructure Upgrade Costs:** Many properties must upgrade transformers, switchgear, panels, and service connections to handle higher loads—costs that are separate from equipment replacement.
- **Ratepayer Impacts:** Broader grid upgrades required to accommodate commercial electrification will ultimately be reflected in higher electricity rates for all customers.

For tourism properties that host thousands of guests during peak times, reliability is not optional. Power disruptions or capacity constraints during major events would have immediate economic consequences and reputational harm for Maryland as a destination state.



A measured transition that aligns electrification mandates with realistic grid readiness timelines is essential.

### **5. Environmental Paradox**

Replacing equipment before the end of its useful life may also produce unintended environmental consequences:

- Increased material waste
- Disposal of functioning systems
- Embodied carbon associated with manufacturing and transporting replacement equipment

A policy intended to reduce emissions should consider full lifecycle impacts, not only operational benchmarks.

### **6. Risk to Large Event Infrastructure**

Large venues—arenas, convention centers, and multi-use entertainment facilities—face particularly high retrofit costs due to:

- Scale of HVAC systems
- Peak-load operational demands
- 24/7 usage patterns during major events

These facilities anchor local economies and support restaurants, retail, transportation providers, and small businesses. Disrupting their financial stability has ripple effects well beyond the property itself.

### **How House Bill 988 Helps**

House Bill 988 offers a necessary recalibration by:

- Allowing more reasonable compliance timelines
- Recognizing equipment life-cycle planning realities
- Providing flexibility mechanisms for hospitality-intensive properties
- Aligning electrification requirements with grid capacity planning



- Protecting tourism-driven economic activity while still advancing energy efficiency goals

This bill does not reject environmental progress. Rather, it aligns climate objectives with economic sustainability and infrastructure readiness.

### **Conclusion**

Maryland's tourism industry is a cornerstone of our state economy. Policies that unintentionally force premature capital replacement and accelerate grid demand without adequate infrastructure planning risk:

- Higher consumer prices
- Reduced competitiveness
- Deferred reinvestment
- Grid reliability concerns
- Job impacts in hospitality and related sectors

House Bill 988 represents a thoughtful, balanced adjustment that protects both environmental goals and the economic vitality of Maryland's tourism infrastructure.

Respectfully submitted,

A handwritten signature in black ink that reads "Ruth Toomey".

Ruth Toomey  
Executive Director  
Maryland Tourism Coalition