

March 31, 2021

The Honorable Kumar P. Barve
Environment & Transportation Committee
House Office Building, Room 251,
6 Bladen St., Annapolis, MD, 21401

RE: Opposition to SB 414 – Climate Solutions Now Act of 2021

Dear Chairman Barve:

The Maryland Building Industry Association, representing 1,100 member firms statewide, appreciates the opportunity to participate in the discussion surrounding **SB 414 – Climate Solutions Now Act of 2021**. MBIA **Opposes** the Act in its current version.

This Bill would make numerous adjustments to the state climate and energy infrastructure in order to meet the new target goal of net zero emission by 2045. MBIA appreciates that climate change is an existential threat to the future of humanity on planet earth. However, Maryland already has ambitious goals to reduce carbon emissions by 60% from 2006 levels by 2030 and we have not yet achieved that goal. Reaching net zero by 2045 is an unrealistic timeline considering the number of buildings, the type and cost of renovation, and the human costs of such a program.

The requirement that buildings meet net zero requirements would represent a substantial cost to the local and state governments that paid for the projects. During a period where revenue for both levels of government is diminished by the COVID-19 pandemic, this program would represent a huge financial commitment without the financial resources to achieve the stated goals.

The requirement that local jurisdictions must make life cycle estimates for new buildings will be partly or wholly passed on to the builders through new fees, which will in turn create an additional price increase for commercial real estate. This will ultimately have a detrimental effect on the economic health of local jurisdictions and create additional compounded costs by causing project delays and new required filing and paperwork for developers. What appears to be a small cost by itself will be very large in aggregate.

While we agree that climate change needs to be a priority, so does housing and housing affordability. The state of Maryland currently has a housing affordability crisis. Tax credits at the local, state, and federal levels are powerful tools to incentivize early adoption of many energy efficiency programs. Builders require a level playing field and need the support of industry and government. When given this support through voluntary programs, they will create housing that achieves Net Zero Energy Standards. Some of these standards will increase the cost of new housing by thousands of dollars. According to a 2020 National Association of Home Builders (NAHB) for each \$1000 increase in the price of a median priced new home, 2,881 Marylanders will be priced out of the market. We need to find a balance between housing affordability and climate change. We look forward to working on this issue in the future.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the House Environment & Transportation Committee