

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 870

(Delegate Korman, *et al.*)

Environment and Transportation

Education, Energy, and the Environment

Environment - Permit Applications for New Buildings - Notice (Large Buildings
for Tomorrow Act)

This bill requires, beginning July 1, 2026, within 10 business days after a local government accepts a permit application for a new building that has a proposed gross floor area of 35,000 square feet or more (excluding the parking garage area), the local government to provide notice of the permit application to the Maryland Department of the Environment (MDE). The bill applies only prospectively to *new construction* for which a complete commercial or residential service request is made to the local utility or a development application or building permit application is filed with a local government after the bill's effective date.

Fiscal Summary

State Effect: MDE can receive the required permit notices with existing resources. Revenues are not directly affected.

Local Effect: Local governments can send notifications to MDE with existing resources. Local revenues are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: The notice required under the bill must include (1) the address of the proposed building; (2) the building permit application number; (3) the total square footage of the proposed building; (4) the proposed building type; (5) the energy sources planned

for use in the proposed building; and (6) the contact information for the owner of the proposed building.

Current Law:

Climate Solutions Now Act – In General

CSNA made broad changes to the State’s approach to reducing statewide greenhouse gas (GHG) emissions and addressing climate change. Among other things, CSNA accelerated previous statewide GHG emissions reductions targets originally established under the Greenhouse Gas Emissions Reduction Act by requiring the State to develop plans, adopt regulations, and implement programs to (1) reduce GHG emissions by 60% from 2006 levels by 2031 and (2) achieve net-zero statewide GHG emissions by 2045.

Building Energy Performance Standards

To accomplish these goals, among other things, CSNA requires MDE to develop BEPS for covered buildings that achieve (1) a 20% reduction in net direct GHG emissions by January 1, 2030, as compared with 2025 levels for average buildings of similar construction and (2) net-zero direct GHG emissions by January 1, 2040. To facilitate the development of these BEPS, MDE must require covered building owners to measure and report direct emissions data to the department each year beginning in 2025. The provision requiring MDE to set a standard that achieves net-zero direct GHG emissions for covered buildings terminates December 31, 2029.

“Covered building” means a building that (1) is a commercial or multifamily residential building in the State, or is owned by the State, and (2) has a gross floor area of 35,000 square feet or more, excluding the parking garage area. “Covered building” does not include (1) a building designated as a historic property under federal, State, or local law; (2) a public or nonpublic elementary or secondary school building; (3) a hospital; (4) a manufacturing building; or (5) an agricultural building.

Implementing Regulations

CSNA also required MDE to adopt regulations to implement BEPS by June 1, 2023. The regulations must meet several specified requirements. As altered by Chapter 844 of 2025, among other things, the regulations must (1) include energy-use intensity (EUI) targets by building type, as specified; (2) include specified special provisions, exceptions, and exemptions from BEPS requirements; (3) include an alternative compliance pathway allowing an owner of a covered building to pay a fee for GHG emissions attributable to the building’s failure to meet direct GHG emissions reduction targets; (4) to the extent authorized by law, include financial incentives recommended by the Building Energy Transition Implementation Task Force; and (5) include an annual reporting fee of \$100 per

covered building, adjusted for inflation, to cover the administrative costs of the BEPS program. MDE adopted regulations that went into effect December 23, 2024, that establish BEPS and related benchmarking and reporting requirements.

Beginning in 2030, covered buildings are required to meet the first level of interim standards, which includes reduced direct emissions based on building type. By 2035, covered buildings must meet the second level of interim standards, which includes additional reduced direct emissions based on building type. By 2040, covered buildings will be required to meet the final net-zero direct GHG emissions standard.

Of note, the regulations do not include site EUI standards, which are required under statute. The fiscal 2025 budget as enacted included language restricting funding for the final development and submission of regulations that address site EUI targets and standards until MDE submits, among other things, a report on site EUI costs and alternatives to site EUI for meeting GHG targets. The required report components were incorporated into a larger report required under Chapter 844. MDE anticipates that the report will be submitted by December 31, 2026, and that the other related requirements will be completed in 2027.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Baltimore City; Prince George’s County; Maryland Association of Counties; City of Annapolis; Baltimore City Community College; University System of Maryland; Interagency Commission on School Construction; Maryland Department of the Environment; Department of General Services; Department of Juvenile Services; Maryland Department of Labor; Department of Public Safety and Correctional Services; Maryland Department of Transportation; Maryland Stadium Authority; Department of Legislative Services

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