

SENATE BILL 319

L6, M3

(PRE-FILED)

1lr0795
CF HB 517

By: **Senators Hester and Elfreth**

Requested: September 30, 2020

Introduced and read first time: January 13, 2021

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 10, 2021

CHAPTER _____

1 AN ACT concerning

2 **Clean Energy Loan Program – Remediation and Resiliency**

3 FOR the purpose of expanding the purpose of a certain clean energy loan program to include
4 providing loans to certain property owners to finance or refinance certain
5 environmental remediation projects and resiliency projects; adding certain
6 environmental remediation projects, resiliency projects, ~~and~~ water efficiency
7 projects, and grid resiliency projects to the list of items that require eligibility
8 requirements under a certain ordinance; clarifying that certain loan terms and
9 conditions required under a certain ordinance include a certain provision; altering
10 the circumstances under which, with the express consent of any holder of a mortgage
11 or deed of trust on a certain property, a county or municipality may collect certain
12 loan payments in a certain manner, a certain unpaid surcharge constitutes a lien,
13 and certain provisions of law apply to a tax lien under certain circumstances; making
14 stylistic changes; defining certain terms; and generally relating to a clean energy
15 loan program.

16 BY repealing and reenacting, with amendments,
17 Article – Local Government
18 Section 1–1101 and 1–1103 through 1–1105
19 Annotated Code of Maryland
20 (2013 Volume and 2020 Supplement)

21 BY repealing and reenacting, without amendments,
22 Article – Local Government

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Section 1–1102
Annotated Code of Maryland
(2013 Volume and 2020 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Local Government

1–1101.

(a) In this subtitle the following words have the meanings indicated.

(b) “Bond” means a bond, note, or other similar instrument that a county or municipality issues under this subtitle.

(c) “Chief executive” means the president, chair, mayor, county executive, or any other chief executive officer of a county or municipality.

(d) “Commercial property” means real property that is:

(1) not designed principally or intended for human habitation; or

(2) used for human habitation and is improved by more than four single family dwelling units.

(E) (1) “ENVIRONMENTAL REMEDIATION PROJECT” MEANS A PROJECT THAT IS INTENDED TO REMOVE ENVIRONMENTAL OR HEALTH HAZARDS.

(2) “ENVIRONMENTAL REMEDIATION PROJECT” INCLUDES:

(I) A PROJECT THAT PROMOTES INDOOR AIR AND WATER QUALITY;

(II) ASBESTOS REMEDIATION;

(III) LEAD PAINT REMOVAL; AND

(IV) MOLD REMEDIATION.

(F) “GRID RESILIENCY PROJECT” MEANS AN ENERGY CAPITAL IMPROVEMENT INVESTMENT THAT:

(1) INCLUDES NOT LESS THAN ONE OF THE FOLLOWING FUNCTIONS:

(I) ENERGY STORAGE;

1 **(II) DEMAND MANAGEMENT; OR**

2 **(III) OTHER FUNCTIONS THAT IMPROVE RELIABILITY OF**
3 **SERVICE OR PROVIDE SERVICE DURING AN ELECTRICAL SERVICE DISRUPTION; AND**

4 **(2) IS INSTALLED IN A MANNER CONSISTENT WITH APPLICABLE**
5 **PUBLIC SERVICE COMMISSION AND ELECTRIC COMPANY REQUIREMENTS,**
6 **INCLUDING:**

7 **(I) INTERCONNECTION REQUIREMENTS; AND**

8 **(II) FRANCHISE REQUIREMENTS.**

9 [(e)] ~~(F)~~ **(G)** “Program” means a clean energy loan program established under this
10 subtitle.

11 ~~(G)~~ **(H)** **(1) “RESILIENCY PROJECT” MEANS A PROJECT THAT IS**
12 **INTENDED TO INCREASE THE CAPACITY OF A PROPERTY TO WITHSTAND NATURAL**
13 **DISASTERS AND THE EFFECTS OF CLIMATE CHANGE.**

14 **(2) “RESILIENCY PROJECT” INCLUDES:**

15 **(I) A FLOOD MITIGATION PROJECT;**

16 **(II) A STORMWATER MANAGEMENT PROJECT;**

17 **(III) A PROJECT TO INCREASE FIRE OR WIND RESISTANCE;**

18 **(IV) A PROJECT TO INCREASE THE CAPACITY OF A NATURAL**
19 **SYSTEM;**

20 **(V) AN INUNDATION ADAPTATION PROJECT;**

21 **(VI) ALTERNATIVE VEHICLE CHARGING INFRASTRUCTURE; AND**

22 **(VII) ENERGY STORAGE.**

23 1–1102.

24 A county or municipality may enact an ordinance or a resolution to establish a clean
25 energy loan program.

26 1–1103.

(a) The purpose of a program is to provide loans to[:

(1)] residential property owners, including low income residential property owners, **AND COMMERCIAL PROPERTY OWNERS** to finance [energy efficiency and renewable energy projects; and

(2) commercial property owners to finance] **OR REFINANCE:**

[(i)] (1) energy **AND WATER** efficiency projects; [and]

(2) **ENVIRONMENTAL REMEDIATION PROJECTS;**

[(ii)] (3) renewable energy projects; ~~AND~~

(4) **RESILIENCY PROJECTS; AND**

(5) IF INSTALLED WITH ENERGY EFFICIENCY PROJECTS OR RENEWABLE ENERGY PROJECTS, GRID RESILIENCY PROJECTS.

(b) A private lender may provide capital for a loan provided to a commercial property owner under the program.

1–1104.

(a) An ordinance or resolution enacted under § 1–1102 of this subtitle shall provide for:

(1) eligibility requirements for participation in the program, including eligibility requirements for:

(i) energy **AND WATER** efficiency [improvements and] **PROJECTS**, renewable energy devices, **ENVIRONMENTAL REMEDIATION PROJECTS**, ~~AND~~ **RESILIENCY PROJECTS, AND GRID RESILIENCY PROJECTS;** and

(ii) property and property owners; and

(2) loan terms and conditions, **INCLUDING A PROVISION THAT REQUIRES THAT A LOAN BE REPAID OVER A TERM NOT TO EXCEED THE USEFUL LIFE OF THE PROJECT AS DETERMINED BY THE PROGRAM.**

(b) Eligibility requirements under subsection (a) of this section shall include a requirement that the county or municipality give due regard to the property owner's ability to repay a loan provided under the program, in a manner substantially similar to that required for a mortgage loan under §§ 12–127, 12–311, 12–409.1, 12–925, and 12–1029 of the Commercial Law Article.

1 1-1105.

2 (a) Subject to subsection (c) of this section, a program shall require a property
3 owner to repay a loan provided under the program through a surcharge on the owner's
4 property tax bill.

5 (b) Except for a surcharge authorized under subsection (c) of this section, a county
6 or municipality may not set a surcharge greater than an amount that allows the county or
7 municipality to recover the costs associated with:

8 (1) issuing bonds to finance the loan; and

9 (2) administering the program.

10 (c) With the express consent of any holder of a mortgage or deed of trust on a
11 commercial property that is to be [improved] **FINANCED** through a loan to the commercial
12 property owner under the program:

13 (1) a county or municipality may collect loan payments owed to a private
14 lender or to the county or the municipality for a loan to a commercial property owner, and
15 costs associated with administering the program, through a surcharge on the property
16 owner's property tax bill;

17 (2) an unpaid surcharge under this subsection shall be, until paid, a lien
18 on the real property on which it is imposed from the date it becomes payable; and

19 (3) the provisions of Title 14, Subtitle 8 of the Tax – Property Article that
20 apply to a tax lien shall also apply to a lien created under this subsection.

21 (d) A person who acquires property subject to a surcharge under this section
22 assumes the obligation to pay the surcharge.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2021.