

SENATE BILL 1016

Q1, L6

3lr3269
CF 3lr3206

By: **Senator Frosh**

Introduced and read first time: February 22, 2013

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Clean Energy Loan Programs – Private Lenders – Collection of Loan**
3 **Payments**

4 FOR the purpose of authorizing a private lender to provide capital for a loan provided
5 under a local Clean Energy Loan Program; providing that, with the consent of
6 any holder of a mortgage on the property, a county or municipality may collect
7 loan payments owed to a private lender through a surcharge on a property
8 owner's property tax bill; providing that an unpaid surcharge constitutes a lien
9 against the property on which it is imposed under certain circumstances;
10 providing that certain provisions of law that apply to a tax lien also apply to a
11 lien created under this Act; providing for the effective date of this Act; and
12 generally relating to the collection of loan payments owed to private lenders
13 under local Clean Energy Loan Programs.

14 BY repealing and reenacting, without amendments,
15 Article – Local Government
16 Section 1–1102 and 1–1104
17 Annotated Code of Maryland
18 (As enacted by Chapter ___ (H.B. 472) of the Acts of the General Assembly of
19 2013)

20 BY repealing and reenacting, with amendments,
21 Article – Local Government
22 Section 1–1103 and 1–1105
23 Annotated Code of Maryland
24 (As enacted by Chapter ___ (H.B. 472) of the Acts of the General Assembly of
25 2013)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1

Article – Local Government

2 1–1102.

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

5 1–1103.

6 **(A)** The purpose of a program is to provide loans to:

7 (1) residential property owners, including low income residential
8 property owners, to finance energy efficiency and renewable energy projects; and

9 (2) commercial property owners to finance:

10 (i) energy efficiency projects; and

11 (ii) renewable energy projects with an electric generating
12 capacity of not more than 100 kilowatts.

13 **(B) A PRIVATE LENDER MAY PROVIDE CAPITAL FOR A LOAN PROVIDED**
14 **UNDER THE PROGRAM.**

15 1–1104.

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

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

20 (i) energy efficiency improvements and renewable energy
21 devices; and

22 (ii) property and property owners; and

23 (2) loan terms and conditions.

24 (b) Eligibility requirements under subsection (a) of this section shall include
25 a requirement that the county or municipality give due regard to the property owner's
26 ability to repay a loan provided under the program, in a manner substantially similar
27 to that required for a mortgage loan under §§ 12–127, 12–311, 12–409.1,
28 12–925, and 12–1029 of the Commercial Law Article.

29 1–1105.

1 (a) A program shall require a property owner to repay a loan provided under
2 the program through a surcharge on the owner's property tax bill.

3 (b) **[A] EXCEPT FOR A SURCHARGE AUTHORIZED UNDER SUBSECTION**
4 **(C) OF THIS SECTION, A county or municipality may not set a surcharge greater than**
5 **an amount that allows the county or municipality to recover the costs associated with:**

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

7 (2) administering the program.

8 **(C) WITH THE CONSENT OF ANY HOLDER OF A MORTGAGE ON A**
9 **PROPERTY THAT IS TO BE IMPROVED THROUGH A LOAN UNDER THE PROGRAM:**

10 **(1) A COUNTY OR MUNICIPALITY MAY COLLECT LOAN PAYMENTS**
11 **OWED TO A PRIVATE LENDER THROUGH A SURCHARGE ON THE PROPERTY**
12 **OWNER'S PROPERTY TAX BILL;**

13 **(2) AN UNPAID SURCHARGE UNDER THIS SUBSECTION SHALL BE,**
14 **UNTIL PAID, A LIEN ON THE REAL PROPERTY ON WHICH IT IS IMPOSED FROM**
15 **THE DATE IT BECOMES PAYABLE; AND**

16 **(3) THE PROVISIONS OF TITLE 14, SUBTITLE 8 OF THE TAX –**
17 **PROPERTY ARTICLE THAT APPLY TO A TAX LIEN SHALL ALSO APPLY TO A LIEN**
18 **CREATED UNDER THIS SUBSECTION.**

19 **[(c)] (D)** A person who acquires property subject to a surcharge under this
20 section assumes the obligation to pay the surcharge.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2013.