

HOUSE BILL 202

Q1, L6
SB 1016/13 – FIN

4r1198
CF SB 186

By: **Delegate Barkley**

Introduced and read first time: January 16, 2014

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 13, 2014

CHAPTER _____

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 commercial
5 loan provided under a local clean energy loan program; providing that, with the
6 express consent of any holder of a mortgage or deed of trust on the property, a
7 county or municipality may collect loan payments owed on a commercial loan to
8 a private lender or to a county or municipality, and certain administrative costs,
9 through a surcharge on a property owner's property tax bill; providing that an
10 unpaid surcharge constitutes a lien against the property on which it is imposed
11 under certain circumstances; providing that certain provisions of law that apply
12 to a tax lien also apply to a certain lien created under this Act; defining a
13 certain term; and generally relating to the collection of commercial loan
14 payments owed to private lenders under local clean energy loan programs.

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

20 BY repealing and reenacting, without amendments,
21 Article – Local Government
22 Section 1–1102 and 1–1104
23 Annotated Code of Maryland

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.



1 (2013 Volume)

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

4 **Article – Local Government**

5 1–1101.

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

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

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

11 **(D) “COMMERCIAL PROPERTY” MEANS REAL PROPERTY THAT IS:**

12 **(1) NOT DESIGNED PRINCIPALLY OR INTENDED FOR HUMAN**
13 **HABITATION; OR**

14 **(2) USED FOR HUMAN HABITATION AND IS IMPROVED BY MORE**
15 **THAN FOUR SINGLE FAMILY DWELLING UNITS.**

16 **[(d)] (E)** “Program” means a clean energy loan program established under
17 this subtitle.

18 1–1102.

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

21 1–1103.

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

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

25 (2) commercial property owners to finance:

26 (i) energy efficiency projects; and

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

1 **(B) A PRIVATE LENDER MAY PROVIDE CAPITAL FOR A LOAN PROVIDED**
2 **TO A COMMERCIAL PROPERTY OWNER UNDER THE PROGRAM.**

3 1–1104.

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

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

8 (i) energy efficiency improvements and renewable energy
9 devices; and

10 (ii) property and property owners; and

11 (2) loan terms and conditions.

12 (b) Eligibility requirements under subsection (a) of this section shall include
13 a requirement that the county or municipality give due regard to the property owner's
14 ability to repay a loan provided under the program, in a manner substantially similar
15 to that required for a mortgage loan under §§ 12–127, 12–311, 12–409.1,
16 12–925, and 12–1029 of the Commercial Law Article.

17 1–1105.

18 (a) **[A] SUBJECT TO SUBSECTION (C) OF THIS SECTION,** A program shall
19 require a property owner to repay a loan provided under the program through a
20 surcharge on the owner's property tax bill.

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

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

25 (2) administering the program.

26 **(C) WITH THE EXPRESS CONSENT OF ANY HOLDER OF A MORTGAGE OR**
27 **DEED OF TRUST ON A COMMERCIAL PROPERTY THAT IS TO BE IMPROVED**
28 **THROUGH A LOAN TO THE COMMERCIAL PROPERTY OWNER UNDER THE**
29 **PROGRAM:**

30 **(1) A COUNTY OR MUNICIPALITY MAY COLLECT LOAN PAYMENTS**
31 **OWED TO A PRIVATE LENDER OR TO THE COUNTY OR THE MUNICIPALITY FOR A**

1 LOAN TO A COMMERCIAL PROPERTY OWNER, AND COSTS ASSOCIATED WITH
2 ADMINISTERING THE PROGRAM, THROUGH A SURCHARGE ON THE PROPERTY
3 OWNER’S PROPERTY TAX BILL;

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

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

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

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 2014.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.