

SENATE BILL 726

C5, C8

EMERGENCY BILL

6lr2099
CF HB 705

By: **Senators Mathias, Benson, Feldman, Guzzone, Klausmeier, Madaleno, Middleton, and Peters**

Introduced and read first time: February 5, 2016

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Clean Energy Center – Clean Energy Technology Funding**

3 FOR the purpose of expanding certain findings of the General Assembly concerning the
4 Maryland Clean Energy Center; expanding the purposes of the Center; altering the
5 membership of the Board of Directors of the Center; requiring the Center to establish
6 a Credit Investment Advisory Committee for certain purposes; providing that
7 Committee members are subject to the Public Ethics Law for certain purposes;
8 altering the authority of the Center to provide certain financing for clean energy
9 technology-based businesses; establishing a Clean Energy Technology Financing
10 Fund in the Center for certain purposes; providing for the sources and
11 administration of the Fund; providing for the purposes of the Fund; clarifying the
12 application of certain provisions under the Maryland Clean Energy Technology
13 Incubator Program; defining a certain term; altering certain definitions; providing
14 for the application of this Act; providing for the transfer of certain funds from the
15 Maryland Strategic Energy Investment Fund to the Center in certain fiscal years for
16 certain purposes; providing for the transfer of certain funds from the Maryland
17 Strategic Energy Investment Fund to the Clean Energy Technology Financing Fund
18 by a certain date for certain purposes; stating the intent of the General Assembly
19 concerning certain funding; making this Act an emergency measure; and generally
20 relating to the Maryland Clean Energy Center and project funding.

21 BY repealing and reenacting, with amendments,

22 Article – Economic Development

23 Section 10–801, 10–802, 10–806, 10–807, 10–810, 10–814, 10–820, 10–833,
24 10–834(a), 10–835, and 10–837

25 Annotated Code of Maryland

26 (2008 Volume and 2015 Supplement)

27 BY repealing and reenacting, without amendments,

28 Article – Economic Development

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 10–816, 10–817, 10–821, 10–822, 10–825, and 10–826
2 Annotated Code of Maryland
3 (2008 Volume and 2015 Supplement)

4 BY adding to
5 Article – Economic Development
6 Section 10–817.1
7 Annotated Code of Maryland
8 (2008 Volume and 2015 Supplement)

9 BY repealing and reenacting, with amendments,
10 Article – State Government
11 Section 9–20B–05
12 Annotated Code of Maryland
13 (2014 Replacement Volume and 2015 Supplement)

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

16 **Article – Economic Development**

17 10–801.

- 18 (a) In this subtitle the following words have the meanings indicated.
- 19 (b) “Administration” means the Maryland Energy Administration.
- 20 (c) “Board” means the Board of Directors of the Center.
- 21 (d) (1) “Bond” means a bond issued by the Center under this subtitle.
- 22 (2) “Bond” includes a revenue bond, a revenue refunding bond, a note, and
23 any other obligation, whether a general or limited obligation of the Center.
- 24 (e) “Center” means the Maryland Clean Energy Center.
- 25 (f) “Clean energy” includes:
- 26 (1) solar photovoltaic technology;
- 27 (2) solar heating;
- 28 (3) geothermal;
- 29 (4) wind;
- 30 (5) biofuels;

- 1 (6) ethanol;
- 2 (7) other qualifying biomass as defined in § 7-701 of the Public Utilities
3 Article;
- 4 (8) ocean, including energy from waves, tides, currents, and thermal
5 differences;
- 6 (9) a fuel cell that produces energy from biofuels, ethanol, or other
7 qualifying biomass;
- 8 (10) energy efficiency and conservation;
- 9 (11) any other technology or service that the Center determines will
10 contribute directly or indirectly to the production of energy from renewable or sustainable
11 sources, or to the improvement of efficiency in the use of energy; and
- 12 (12) deployment of any of the technologies or services listed in items (1)
13 through (11) of this subsection.
- 14 (g) "Cost", with respect to a project financed under this subtitle, includes:
- 15 (1) the purchase price of a project;
- 16 (2) the cost to acquire any right, title, or interest in a project;
- 17 (3) the cost of any improvement;
- 18 (4) the cost of any property, right, easement, and franchise;
- 19 (5) the cost of demolition, removal, or relocation of structures;
- 20 (6) the cost of acquiring land to which the structures may be moved;
- 21 (7) the cost of equipment;
- 22 (8) financing charges;
- 23 (9) interest before and during construction and, if the Center determines,
24 for a limited period after the completion of construction;
- 25 (10) reserves for principal and interest and for improvements;
- 26 (11) the cost of revenue and cost estimates, architectural, engineering,
27 financial, and legal services, plans, specifications, studies, surveys, and other expenses
28 necessary or incident to determining the feasibility of improving a project; and

1 (12) other expenses as necessary or incident to:

2 (i) financing a project;

3 (ii) acquiring and improving a project; and

4 (iii) placing a project in operation.

5 (h) "Director" means the Director of the Administration.

6 (i) "Executive Director" means the Executive Director of the Maryland Clean
7 Energy Center.

8 (j) **(1) "FINANCE" MEANS TO PROVIDE FOR A PROJECT:**

9 **(I) A LOAN;**

10 **(II) A GRANT;**

11 **(III) AN INVESTMENT;**

12 **(IV) A LOAN GUARANTEE;**

13 **(V) DEBT SECURITIZATION; OR**

14 **(VI) ANY OTHER FORM OF FINANCIAL SUPPORT OR RISK**
15 **MANAGEMENT.**

16 **(2)** "Finance" includes refinance.

17 **(K) "FUND" MEANS THE CLEAN ENERGY TECHNOLOGY FINANCING FUND**
18 **ESTABLISHED UNDER § 10-817.1 OF THIS SUBTITLE.**

19 **[(k)] (L)** "Governmental unit" means:

20 (1) a county;

21 (2) a municipal corporation;

22 (3) a State unit;

23 (4) a local unit; or

1 (5) any other public body or unit established in accordance with a State or
2 local law, ordinance, or resolution.

3 [(l)] (M) “Improve” means to add, alter, construct, equip, expand, extend,
4 improve, install, reconstruct, rehabilitate, remodel, or repair.

5 [(m)] (N) “Improvement” means addition, alteration, construction, equipping,
6 expansion, extension, improvement, installation, reconstruction, rehabilitation,
7 remodeling, or repair.

8 [(n)] (O) (1) “Project” means any property, the acquisition or improvement of
9 which the Board, in its sole discretion, determines by resolution will accomplish at least
10 one of the purposes listed in § 10–802(b) of this subtitle, whether or not the property:

11 (i) is or will be used or operated for profit or not for profit;

12 (ii) is or will be located on a single site or multiple sites; or

13 (iii) may be financed by bonds, the interest on which is exempt from
14 income taxation under federal law.

15 (2) “Project” includes:

16 (i) land or an interest in land;

17 (ii) structures, equipment, furnishings, rail or motor vehicles,
18 barges, and boats;

19 (iii) property and rights related to property, appurtenances,
20 rights-of-way, franchises, and easements;

21 (iv) property that is functionally related and subordinate to a project;
22 [and]

23 (v) patents, licenses, and other rights necessary or useful in the
24 improvement or operation of a project; **AND**

25 **(VI) INVESTMENT IN A CLEAN ENERGY TECHNOLOGY OR A**
26 **CLEAN ENERGY BUSINESS.**

27 [(o)] (P) (1) “Revenues” means the income, revenue, and other money the
28 Center receives from or in connection with a project, and all other income of the Center.

29 (2) “Revenues” includes grants, rentals, rates, fees, and charges for the use
30 of the services furnished or available.

1 [(p)] (Q) (1) “Trust agreement” means an agreement entered into by the
2 Center to secure a bond.

3 (2) “Trust agreement” may include a bond contract, bond resolution, or
4 other contract with or for the benefit of a bondholder.

5 10–802.

6 (a) The General Assembly finds that:

7 (1) the United States as a whole, and the State in particular, are facing
8 increased energy costs based on many factors, including rising fuel costs, limited
9 investment in generation and transmission facilities, and a complex combination of
10 market-based and other regulatory mechanisms that balance environmental, economic,
11 health, and welfare interests;

12 (2) continued exclusive reliance on traditional forms of electricity supply
13 entrenches the State’s dependence on fossil fuels, working against the State’s policy of
14 decreasing greenhouse gas production, as evidenced by the State’s accession to the Regional
15 Greenhouse Gas Initiative;

16 (3) “clean energy”, a broad term that includes a wide and varied mixture of
17 strategies and techniques to produce useful energy from renewable and sustainable sources
18 in a manner that minimizes fossil fuel use and harmful emissions, and to increase the
19 efficient use of energy derived from all sources, offers many different opportunities for
20 residents of the State to succeed in entrepreneurial and other commercial activity, to the
21 overall economic and environmental benefit of the entire State, as measured in improved
22 air and water quality, moderated energy expenditures, and increased State and local tax
23 receipts;

24 (4) many individuals and businesses in the State possess talents and
25 interest in the clean energy technology sector, which may form the basis for encouraging
26 development and deployment of sustainable and renewable energy technologies in the
27 State, the nation, and the world;

28 (5) the State will benefit from a targeted effort to establish and incubate
29 clean energy industries in the State, including financial assistance, information sharing,
30 and technical support for entrepreneurs in the manufacture and installation of clean energy
31 technology; [and]

32 **(6) THE STATE BENEFITS FROM A STATEWIDE FINANCING ENTITY**
33 **THAT IS FOCUSED ON:**

34 **(I) PROVIDING EFFICIENT, LOW-COST CAPITAL FINANCING AT**
35 **SCALE AND WITH SUBSTANTIAL PRIVATE-SECTOR PARTICIPATION FOR QUALIFYING**
36 **PROJECTS;**

1 **(II) FACILITATING PRIVATE INVESTMENT IN CLEAN ENERGY**
2 **PROJECTS AND TECHNOLOGIES TO PROVIDE SIGNIFICANT LEVERAGING OF PRIVATE**
3 **CAPITAL; AND**

4 **(III) INCREASING PRIVATE INVESTMENT IN CLEAN ENERGY**
5 **PROJECTS THAT ARE NOT CURRENTLY ABLE TO OBTAIN FINANCING IN TRADITIONAL**
6 **CAPITAL MARKETS AT A REASONABLE COST BY PROVIDING A VARIETY OF FINANCIAL**
7 **TOOLS TO STIMULATE PRIVATE INVESTMENT; AND**

8 **[(6)] (7)** it is in the public interest to establish a public corporation to
9 undertake the tasks of promoting clean energy industries in the State, developing
10 incubators for those industries, providing financial assistance, and also providing
11 information sharing and technical assistance.

12 (b) The purposes of this subtitle are to:

13 (1) encourage the development of clean energy industries in the State;

14 (2) encourage the deployment of clean energy technologies in the State;

15 (3) help retain and attract business activity and commerce in the clean
16 energy technology industry sector in the State;

17 (4) promote economic development; **[and]**

18 **(5) PROMOTE PRIVATE CAPITAL INVESTMENT IN PROJECTS; AND**

19 **[(5)] (6)** promote the health, safety, and welfare of residents of the State.

20 (c) The General Assembly intends that:

21 (1) the Center operate and exercise its corporate powers in all areas of the
22 State;

23 (2) without limiting its authority to otherwise exercise its corporate
24 powers, the Center exercise its corporate powers to assist governmental units and State
25 and local economic development agencies to contribute to the expansion, modernization,
26 and retention of existing enterprises in the State as well as the attraction of new business
27 to the State;

28 (3) the Center cooperate with private industries and local governments in
29 maximizing new economic opportunities for residents of the State; and

1 (4) the Center accomplish at least one of the purposes listed in subsection
2 (b) of this section and complement existing State marketing and financial assistance
3 programs by:

4 (i) owning projects;

5 (ii) leasing projects to other persons; or

6 (iii) lending the proceeds of bonds to other persons to finance the costs
7 of acquiring or improving projects that the persons own or will own.

8 10–806.

9 (a) There is a Maryland Clean Energy Center.

10 (b) The Center is a body politic and corporate and is an instrumentality of the
11 State.

12 (c) The exercise by the Center of the powers conferred by this subtitle is the
13 performance of an essential governmental function.

14 (d) The purposes of the Center are to:

15 (1) promote economic development and jobs in the clean energy industry
16 sector in the State;

17 (2) promote the deployment of clean energy technology in the State;

18 (3) serve as an incubator for the development of clean energy industry in
19 the State;

20 (4) collect, analyze, and disseminate industry data; [and]

21 (5) provide outreach and technical support to further the clean energy
22 industry in the State; AND

23 **(6) LEVERAGE PRIVATE CAPITAL INVESTMENTS WITH PUBLIC FUNDS**
24 **TO FINANCE THE COSTS OF ACQUIRING OR IMPROVING PROJECTS.**

25 (e) The Center shall coordinate with the Maryland Energy Administration and
26 may not duplicate the programs or activities of the Administration without consent of the
27 Administration.

28 10–807.

29 (a) A Board of Directors shall manage the Center and exercise its corporate
30 powers.

- 1 (b) The Board consists of the following [nine] 11 members:
- 2 (1) the Director, or the Director's designee; [and]
- 3 **(2) THE STATE TREASURER, OR THE TREASURER'S DESIGNEE;**
- 4 **(3) THE SECRETARY, OR THE SECRETARY'S DESIGNEE; AND**
- 5 **[(2)] (4)** eight members appointed by the Governor with the advice and
6 consent of the Senate:
- 7 (i) two representing the not-for-profit clean energy research sector
8 of the State;
- 9 (ii) two with expertise in venture capital financing;
- 10 (iii) two representing clean energy industries in the State; and
- 11 (iv) two members of the general public.
- 12 (c) A member of the Board shall reside in the State.
- 13 (d) In making appointments to the Board, the Governor shall consider:
- 14 (1) diversity; and
- 15 (2) all geographic regions of the State.
- 16 (e) A member of the Board:
- 17 (1) may not receive compensation as a member of the Board; but
- 18 (2) is entitled to reimbursement for expenses under the Standard State
19 Travel Regulations, as provided in the State budget.
- 20 (f) (1) The term of an appointed member is 4 years and begins on July 1.
- 21 (2) The terms of the appointed members are staggered as required by the
22 terms provided for members on October 1, 2008.
- 23 (3) At the end of a term, an appointed member continues to serve until a
24 successor is appointed and qualifies.
- 25 (4) A member who is appointed after a term has begun serves only for the
26 rest of the term and until a successor is appointed and qualifies.

1 (g) The Governor may remove an appointed member for incompetence,
2 misconduct, or failure to perform the duties of the position.

3 10–810.

4 (a) (1) The Board shall establish an Advisory Committee.

5 (2) The Advisory Committee consists of individuals that the Board
6 considers will assist the Center in studying and developing policies to further the purposes
7 of this subtitle.

8 (b) **(1) THE CENTER SHALL ESTABLISH A CREDIT INVESTMENT**
9 **ADVISORY COMMITTEE.**

10 **(2) THE CREDIT INVESTMENT ADVISORY COMMITTEE CONSISTS OF**
11 **INDIVIDUALS WITH KNOWLEDGE AND EXPERTISE IN FINANCING MATTERS**
12 **RELEVANT TO BORROWER ELIGIBILITY, TERMS AND CONDITIONS OF SUPPORT, AND**
13 **OTHER FINANCING EVALUATION CRITERIA OF THE CENTER.**

14 **(3) BEFORE THE CENTER PROVIDES FINANCING FOR A PROJECT**
15 **FROM THE FUND, THE CREDIT INVESTMENT ADVISORY COMMITTEE SHALL REVIEW**
16 **AND MAKE RECOMMENDATIONS TO THE BOARD FOR QUALIFYING PROJECT**
17 **APPLICANTS.**

18 (C) The Board may establish other committees as appropriate.

19 ~~[(c)]~~ (D) (1) The membership of a committee may include individuals who are
20 not Board members.

21 (2) The Board may establish the term and manner of selection of the
22 membership of a committee.

23 10–814.

24 (a) Except as provided in subsections (b), (c), and (e) of this section, the Center is
25 exempt from:

26 (1) Title 10 and Division II of the State Finance and Procurement Article;
27 and

28 (2) §§ 3–301 and 3–303 of the General Provisions Article.

29 (b) The Center is subject to the Public Information Act.

1 (c) (1) The Board and the officers and employees of the Center are subject to
2 the Public Ethics Law.

3 (2) THE MEMBERS OF THE CREDIT INVESTMENT ADVISORY
4 COMMITTEE ARE SUBJECT TO THE PUBLIC ETHICS LAW ONLY WITH RESPECT TO
5 ACTIVITIES AS MEMBERS OF THE COMMITTEE.

6 (d) The officers and employees of the Center are not subject to the provisions of
7 Division I of the State Personnel and Pensions Article that govern the State Personnel
8 Management System.

9 (e) The Center, its Board, and employees are subject to Title 12, Subtitle 4 and
10 Title 14, Subtitle 3 of the State Finance and Procurement Article.

11 (f) The Center is a public body under Title 5, Subtitle 4 of this article, the
12 Maryland Industrial Development Financing Authority Act, for purposes of applying for,
13 receiving, and making agreements in connection with:

14 (1) a loan;

15 (2) a grant;

16 (3) insurance; or

17 (4) any other form of financial assistance.

18 10-816.

19 (a) The Center shall establish a system of financial accounting, controls, audits,
20 and reports.

21 (b) The fiscal year of the Center begins on July 1 and ends on the following June
22 30.

23 10-817.

24 (a) The Center may create and administer the accounts that it requires.

25 (b) The Center shall deposit its money into a State or national bank or a federally
26 insured savings and loan association that has a total paid-in capital of at least \$1,000,000.

27 (c) The Center may designate the trust department of a State bank, national
28 bank, or savings and loan association as a depository to receive securities that the Center
29 owns or acquires.

30 (d) Unless an agreement or covenant between the Center and the holders of its
31 obligations limits classes of investments, the Center may invest its money in bonds or other

1 obligations of, or guaranteed as to principal and interest by, the United States, the State,
2 or a governmental unit.

3 **10-817.1.**

4 (A) **THERE IS A CLEAN ENERGY TECHNOLOGY FINANCING FUND IN THE**
5 **CENTER.**

6 (B) **THE PURPOSES OF THE FUND ARE TO:**

7 (1) **EVALUATE AND COORDINATE FINANCING FOR QUALIFIED**
8 **PROJECTS AND CLEAN ENERGY TECHNOLOGIES;**

9 (2) **PROVIDE FINANCING FOR QUALIFIED PROJECTS;**

10 (3) **FACILITATE:**

11 (I) **EFFICIENT TAX EQUITY MARKETS FOR QUALIFIED ENERGY**
12 **PROJECTS; AND**

13 (II) **FINANCING OF LONG-TERM CLEAN ENERGY PURCHASING**
14 **BY GOVERNMENTAL AND NONGOVERNMENTAL NOT-FOR-PROFIT ENTITIES; AND**

15 (4) **SECURE PRIVATE INVESTMENT CAPITAL FOR PROJECT**
16 **FINANCING.**

17 (C) **THE CENTER SHALL ADMINISTER THE FUND.**

18 (D) **THE FUND CONSISTS OF:**

19 (1) **MONEY TRANSFERRED FROM THE MARYLAND STRATEGIC**
20 **ENERGY INVESTMENT FUND UNDER § 9-20B-05 OF THE STATE GOVERNMENT**
21 **ARTICLE;**

22 (2) **MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**

23 (3) **MONEY MADE AVAILABLE TO THE FUND THROUGH FEDERAL**
24 **PROGRAMS, GRANTS, OR PRIVATE CONTRIBUTIONS;**

25 (4) **PROCEEDS FROM THE SALE, DISPOSITION, LEASE, OR RENTAL OF**
26 **COLLATERAL RELATED TO A FINANCING MADE FROM THE FUND;**

27 (5) **REPAYMENT OF FINANCING MADE FROM THE FUND;**

1 **(6) RETURNS FROM OR RECOVERY OF ANY FINANCING MADE FROM**
2 **THE FUND;**

3 **(7) PROCEEDS FROM THE SALE OF ANY FINANCING MADE, OR ASSET**
4 **ACQUIRED WITH PROCEEDS, FROM THE FUND;**

5 **(8) INTEREST EARNINGS ON MONEY IN THE FUND; AND**

6 **(9) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**
7 **THE BENEFIT OF THE FUND.**

8 **(E) THE FUND MAY BE USED ONLY TO:**

9 **(1) EVALUATE AND COORDINATE FINANCING FOR QUALIFIED**
10 **PROJECTS AND CLEAN ENERGY TECHNOLOGIES;**

11 **(2) PROVIDE FINANCING FOR QUALIFIED PROJECTS;**

12 **(3) FACILITATE:**

13 **(I) EFFICIENT TAX EQUITY MARKETS FOR QUALIFIED ENERGY**
14 **PROJECTS; AND**

15 **(II) FINANCING OF LONG-TERM CLEAN ENERGY PURCHASING**
16 **BY GOVERNMENTAL AND NONGOVERNMENTAL NOT-FOR-PROFIT ENTITIES;**

17 **(4) SECURE PRIVATE INVESTMENT CAPITAL FOR PROJECT**
18 **FINANCING; AND**

19 **(5) ADMINISTER THE FUND AND ACTIVITIES OF THE CENTER IN**
20 **CARRYING OUT THIS SUBTITLE.**

21 **(F) EXPENDITURES FROM THE FUND MAY BE MADE ONLY WITH THE**
22 **APPROVAL OF THE BOARD.**

23 10-820.

24 The Center may [make grants to or provide equity investment] **PROVIDE** financing
25 for clean energy technology-based businesses.

26 10-821.

27 The Center may:

1 (1) acquire, develop, improve, manage, market, license, sublicense,
2 maintain, lease as lessor or lessee, or operate a project in the State to carry out its purposes;

3 (2) acquire, directly or indirectly, from a person or governmental unit, by
4 purchase, gift, or devise any property, rights-of-way, franchises, easements, or other
5 interests in land, including submerged land and riparian rights:

6 (i) as necessary or convenient to improve or operate a project to
7 carry out its purposes; and

8 (ii) on the terms and at the prices that it considers reasonable; and

9 (3) enter into a project with a manufacturer to carry out its purposes.

10 10-822.

11 The Center may:

12 (1) borrow money and issue bonds to finance any part of the cost of a project
13 or for any other corporate purpose of the Center;

14 (2) secure the payment of any portion of the borrowing by pledge of or
15 mortgage or deed of trust on property or revenues of the Center;

16 (3) combine projects for financing, make agreements with or for the benefit
17 of the bondholders or with others in connection with the issuance or future issuance of
18 bonds, as the Center considers advisable; and

19 (4) otherwise provide for the security of bonds and the rights of
20 bondholders.

21 10-825.

22 The books and records of the Center are subject to audit:

23 (1) at any time by the State; and

24 (2) each year by an independent auditor that the Office of Legislative
25 Audits approves.

26 10-826.

27 (a) On or before October 1 of each year, the Center shall report to the Governor,
28 the Administration, and, in accordance with § 2-1246 of the State Government Article, the
29 General Assembly.

1 (b) The report shall include a complete operating and financial statement
2 covering the Center's operations and a summary of the Center's activities during the
3 preceding fiscal year.

4 10-833.

5 The Center may award financial assistance **UNDER THIS PART** using money
6 provided by the federal government, the State, a governmental unit, or any person.

7 10-834.

8 (a) After consulting with the Director, the Center shall adopt standards to award
9 financial assistance **UNDER THIS PART**.

10 10-835.

11 The Center may award financial assistance **UNDER THIS PART** to:

12 (1) a local government;

13 (2) an agency, instrumentality, or not-for-profit corporation that the local
14 government designates;

15 (3) a public or private college or university;

16 (4) the Maryland Economic Development Corporation; or

17 (5) a not-for-profit entity operating an incubator in the State.

18 10-837.

19 Unless two-thirds of the membership of the Board approve, the Center may not
20 award financial assistance **UNDER THIS PART** within a single county under § 10-834(b)(3)
21 of this subtitle that exceeds a total of \$1,000,000 in a single fiscal year.

22 Article – State Government

23 9-20B-05.

24 (a) There is a Maryland Strategic Energy Investment Fund.

25 (b) The purpose of the Fund is to implement the Strategic Energy Investment
26 Program.

27 (c) The Administration shall administer the Fund.

1 (d) (1) The Fund is a special, nonlapsing fund that is not subject to § 7–302 of
2 the State Finance and Procurement Article.

3 (2) The Treasurer shall hold the Fund separately and the Comptroller shall
4 account for the Fund.

5 (e) The Fund consists of:

6 (1) all of the proceeds from the sale of allowances under § 2–1002(g) of the
7 Environment Article;

8 (2) money appropriated in the State budget to the Program;

9 (3) repayments and prepayments of principal and interest on loans made
10 from the Fund;

11 (4) interest and investment earnings on the Fund;

12 (5) compliance fees paid under § 7–705 of the Public Utilities Article;

13 (6) money received from any public or private source for the benefit of the
14 Fund; and

15 (7) money transferred from the Public Service Commission under §
16 7–207.2(c)(3) of the Public Utilities Article.

17 (f) The Administration shall use the Fund:

18 (1) to invest in the promotion, development, and implementation of:

19 (i) cost-effective energy efficiency and conservation programs,
20 projects, or activities, including measurement and verification of energy savings;

21 (ii) renewable and clean energy resources;

22 (iii) climate change programs directly related to reducing or
23 mitigating the effects of climate change; and

24 (iv) demand response programs that are designed to promote
25 changes in electric usage by customers in response to:

26 1. changes in the price of electricity over time; or

27 2. incentives designed to induce lower electricity use at times
28 of high wholesale market prices or when system reliability is jeopardized;

1 (2) to provide targeted programs, projects, activities, and investments to
2 reduce electricity consumption by customers in the low-income and moderate-income
3 residential sectors;

4 (3) to provide supplemental funds for low-income energy assistance
5 through the Electric Universal Service Program established under § 7-512.1 of the Public
6 Utilities Article and other electric assistance programs in the Department of Human
7 Resources;

8 (4) to provide rate relief by offsetting electricity rates of residential
9 customers, including an offset of surcharges imposed on ratepayers under § 7-211 of the
10 Public Utilities Article;

11 (5) to provide grants, loans, and other assistance and investment as
12 necessary and appropriate to implement the purposes of the Program as set forth in §
13 9-20B-03 of this subtitle;

14 **(6) TO PROVIDE GRANTS TO THE MARYLAND CLEAN ENERGY**
15 **CENTER UNDER TITLE 10, SUBTITLE 8 OF THE ECONOMIC DEVELOPMENT**
16 **ARTICLE, FOR THE ANNUAL OPERATING SUPPORT AND ASSISTANCE OF THE**
17 **CENTER, AS FOLLOWS:**

18 (I) FOR FISCAL YEAR 2016, \$3,400,000;

19 (II) FOR FISCAL YEAR 2017, \$2,300,000;

20 (III) FOR FISCAL YEAR 2018, \$2,000,000;

21 (IV) FOR FISCAL YEAR 2019, \$1,300,000; AND

22 (V) FOR FISCAL YEAR 2020, \$1,000,000;

23 [(6)] (7) to implement energy-related public education and outreach
24 initiatives regarding reducing energy consumption and greenhouse gas emissions;

25 [(7)] (8) to provide rebates under the Electric Vehicle Recharging
26 Equipment Rebate Program established under § 9-2009 of this title;

27 [(8)] (9) to provide grants to encourage combined heat and power projects
28 at industrial facilities; and

29 [(9)] (10) to pay the expenses of the Program.

30 (g) Proceeds received by the Fund from the sale of allowances under § 2-1002(g)
31 of the Environment Article shall be allocated as follows:

1 (1) at least 50% shall be credited to an energy assistance account to be used
2 for the Electric Universal Service Program and other electricity assistance programs in the
3 Department of Human Resources;

4 (2) at least 20% shall be credited to a low and moderate income efficiency
5 and conservation programs account and to a general efficiency and conservation programs
6 account for energy efficiency and conservation programs, projects, or activities and demand
7 response programs, of which at least one-half shall be targeted to the low and moderate
8 income efficiency and conservation programs account for:

9 (i) the low-income residential sector at no cost to the participants
10 of the programs, projects, or activities; and

11 (ii) the moderate-income residential sector;

12 (3) at least 20% shall be credited to a renewable and clean energy programs
13 account for:

14 (i) renewable and clean energy programs and initiatives;

15 (ii) energy-related public education and outreach; and

16 (iii) climate change and resiliency programs; and

17 (4) up to 10%, but not more than \$5,000,000, shall be credited to an
18 administrative expense account for costs related to the administration of the Fund,
19 including the review of electric company plans for achieving electricity savings and demand
20 reductions that the electric companies are required under law to submit to the
21 Administration.

22 (h) (1) Energy efficiency and conservation programs under subsection (g)(2) of
23 this section include:

24 (i) low-income energy efficiency programs;

25 (ii) residential and small business energy efficiency programs;

26 (iii) commercial and industrial energy efficiency programs;

27 (iv) State and local energy efficiency programs;

28 (v) demand response programs;

29 (vi) loan programs and alternative financing mechanisms; and

1 (vii) grants to training funds and other organizations supporting job
2 training for deployment of energy efficiency and energy conservation technology and
3 equipment.

4 (2) Energy-related public education and outreach and renewable and clean
5 energy programs and initiatives under subsection (g)(3)(i) and (ii) of this section include:

6 (i) production incentives for specified renewable energy sources;

7 (ii) expansion of existing grant programs for solar, geothermal, and
8 wind programs;

9 (iii) loan programs and alternative financing mechanisms; and

10 (iv) consumer education and outreach programs that are designed to
11 reach low-income communities.

12 (i) (1) Except as provided in paragraph (2) of this subsection, compliance fees
13 paid under § 7-705(b) of the Public Utilities Article may be used only to make loans and
14 grants to support the creation of new Tier 1 renewable energy sources in the State.

15 (2) Compliance fees paid under § 7-705(b)(2)(i)2 of the Public Utilities
16 Article shall be accounted for separately within the Fund and may be used only to make
17 loans and grants to support the creation of new solar energy sources in the State.

18 (j) (1) The Treasurer shall invest the money of the Fund in the same manner
19 as other State money may be invested.

20 (2) Any investment earnings of the Fund shall be paid into an
21 administrative expense account within the Fund.

22 (3) Any repayment of principal and interest on loans made from the Fund
23 shall be paid into the Fund.

24 (4) Balances in the Fund shall be held for the benefit of the Program, shall
25 be expended solely for the purposes of the Program, and may not be used for the general
26 obligations of government.

27 (k) Expenditures from the Fund shall be made by:

28 (1) an appropriation in the annual State budget; or

29 (2) a budget amendment in accordance with § 7-209 of the State Finance
30 and Procurement Article.

31 (l) An expenditure by budget amendment may be made under subsection (k) of
32 this section only after:

1 (1) the Administration has submitted the proposed budget amendment and
2 supporting documentation to the Senate Budget and Taxation Committee, Senate Finance
3 Committee, House Appropriations Committee, and House Economic Matters Committee;
4 and

5 (2) the committees have had 45 days for review and comment.

6 SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding any other
7 provision of law, on or before July 1, 2016, the State Treasurer shall transfer \$30,000,000
8 from the unappropriated fund balance within the Maryland Strategic Energy Investment
9 Fund under § 9–20B–05 of the State Government Article, as enacted by Section 1 of this
10 Act, to the Maryland Clean Energy Center for deposit in and credit to the Clean Energy
11 Technology Financing Fund established under § 10–817.1 of the Economic Development
12 Article, as enacted by Section 1 of this Act.

13 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the General
14 Assembly that:

15 (1) State annual grant funding for operating assistance for the Maryland
16 Clean Energy Center, in accordance with § 9–20B–05(f)(6) of the State Government Article,
17 as enacted by Section 1 of this Act, should be provided from the unappropriated balance of
18 the Maryland Strategic Energy Investment Fund; and

19 (2) the Maryland Clean Energy Center shall conduct its financial affairs so
20 that, by fiscal year 2020, it is self-sufficient and in no further need of operating support
21 from the Maryland Strategic Energy Investment Fund or any other State money.

22 SECTION 4. AND BE IT FURTHER ENACTED, That this Act is an emergency
23 measure, is necessary for the immediate preservation of the public health or safety, has
24 been passed by a yea and nay vote supported by three-fifths of all the members elected to
25 each of the two Houses of the General Assembly, and shall take effect from the date it is
26 enacted.