

# SENATE BILL 912

L6

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CF HB 387

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By: **Senator Feldman**

Introduced and read first time: February 5, 2016

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Clean Energy Loan Program – Residential Property – Repayment of Loans**  
3 **Through Surcharge**

4 FOR the purpose of authorizing a county or municipality to collect certain loan payments  
5 for a loan to certain owners of residential property under the Clean Energy Loan  
6 Program, and certain costs, through a surcharge on the property owner's property  
7 tax bill; authorizing a private lender to provide capital for a loan under the program;  
8 requiring that certain unpaid surcharges be a lien on the real property on which they  
9 are imposed; requiring that certain provisions relating to liens apply to the liens  
10 created under this Act; defining a certain term; and generally relating to the  
11 collection of loan payments for residential property improved through loans under  
12 the Clean Energy Loan Program.

13 BY repealing and reenacting, with amendments,  
14 Article – Local Government  
15 Section 1–1101, 1–1103, and 1–1105  
16 Annotated Code of Maryland  
17 (2013 Volume and 2015 Supplement)

18 BY repealing and reenacting, without amendments,  
19 Article – Local Government  
20 Section 1–1102 and 1–1104  
21 Annotated Code of Maryland  
22 (2013 Volume and 2015 Supplement)

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

25 **Article – Local Government**

26 1–1101.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

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

10 (e) “Program” means a clean energy loan program established under this subtitle.

11 **(F) “RESIDENTIAL PROPERTY” MEANS REAL PROPERTY THAT IS:**

12 **(1) DESIGNED PRINCIPALLY OR INTENDED FOR HUMAN HABITATION;**

13 **AND**

14 **(2) IMPROVED BY FOUR OR FEWER SINGLE FAMILY DWELLING UNITS.**

15 1–1102.

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

18 1–1103.

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

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

22 (2) commercial property owners to finance:

23 (i) energy efficiency projects; and

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

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

1 1-1104.

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

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

6 (i) energy efficiency improvements and renewable energy devices;  
7 and

8 (ii) property and property owners; and

9 (2) loan terms and conditions.

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

15 1-1105.

16 (a) Subject to [subsection (c)] **SUBSECTIONS (C) AND (D)** of this section, a  
17 program shall require a property owner to repay a loan provided under the program  
18 through a surcharge on the owner's property tax bill.

19 (b) Except for a surcharge authorized under subsection (c) **OR (D)** of this section,  
20 a county or municipality may not set a surcharge greater than an amount that allows the  
21 county or municipality to recover the costs associated with:

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

23 (2) administering the program.

24 (c) With the express consent of any holder of a mortgage or deed of trust on a  
25 commercial property that is to be improved through a loan to the commercial property  
26 owner under the program:

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

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

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

3           **(D) FOR A RESIDENTIAL PROPERTY THAT IS TO BE IMPROVED THROUGH A**  
4 **LOAN TO AN OWNER OF THE RESIDENTIAL PROPERTY UNDER THE PROGRAM:**

5           **(1) A COUNTY OR MUNICIPALITY MAY COLLECT LOAN PAYMENTS**  
6 **OWED TO A PRIVATE LENDER OR TO THE COUNTY OR MUNICIPALITY FOR A LOAN TO**  
7 **A RESIDENTIAL PROPERTY OWNER, AND COSTS ASSOCIATED WITH ADMINISTERING**  
8 **THE PROGRAM, THROUGH A SURCHARGE ON THE PROPERTY OWNER’S PROPERTY**  
9 **TAX BILL;**

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

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

16           **[(d)] (E)** A person who acquires property subject to a surcharge under this  
17 section assumes the obligation to pay the surcharge.

18           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19 October 1, 2016.