

Chapter 593

(House Bill 387)

AN ACT concerning

**Clean Energy Loan Program – Residential Property – ~~Repayment of Loans~~
~~Through Surcharge Study~~**

FOR the purpose of ~~authorizing a county or municipality to collect certain loan payments for a loan to certain owners of residential property under the Clean Energy Loan Program, and certain costs, through a surcharge on the property owner’s property tax bill; authorizing a private lender to provide capital for a loan provided to a residential property owner under the program; requiring that certain unpaid surcharges be a lien on the real property on which they are imposed; requiring that certain provisions relating to liens apply to the liens created under this Act; defining a certain term~~ requiring the Maryland Clean Energy Center to conduct a study to determine certain design and implementation strategies for a residential clean energy loan program; requiring the study to include consideration of certain matters; requiring the Center to consult with certain persons in conducting the study; requiring the Center to report certain findings and recommendations to the General Assembly on or before a certain date; and generally relating to ~~the collection of loan payments for residential property improved through loans~~ loans for improvements to residential property under the Clean Energy Loan Program.

~~BY repealing and reenacting, with amendments,~~
~~Article – Local Government~~
~~Section 1-1101, 1-1103, and 1-1105~~
~~Annotated Code of Maryland~~
~~(2013 Volume and 2015 Supplement)~~

~~BY repealing and reenacting, without amendments,~~
~~Article – Local Government~~
~~Section 1-1102 and 1-1104~~
~~Annotated Code of Maryland~~
~~(2013 Volume and 2015 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) “Program” means a clean energy loan program established under this subtitle.~~

~~(f) “RESIDENTIAL PROPERTY” MEANS REAL PROPERTY THAT IS:~~

~~(1) DESIGNED PRINCIPALLY OR INTENDED FOR HUMAN HABITATION;~~

~~AND~~

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

~~1-1102.~~

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

~~1-1103.~~

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

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

~~(2) commercial property owners to finance:~~

~~(i) energy efficiency projects; and~~

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

~~(b) A private lender may provide capital for a loan provided to a commercial OR RESIDENTIAL 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 efficiency improvements and renewable energy devices; and~~

~~(ii) property and property owners; and~~

~~(2) loan terms and conditions.~~

~~(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.~~

~~1-1105.~~

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

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

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

~~(2) administering the program.~~

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

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

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

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

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

~~(1) A COUNTY OR MUNICIPALITY MAY COLLECT LOAN PAYMENTS OWED TO A PRIVATE LENDER OR TO THE COUNTY OR MUNICIPALITY FOR A LOAN TO A RESIDENTIAL PROPERTY OWNER, AND COSTS ASSOCIATED WITH ADMINISTERING THE PROGRAM, THROUGH A SURCHARGE ON THE PROPERTY OWNER'S PROPERTY TAX BILL;~~

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

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

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

(a) (1) The Maryland Clean Energy Center shall conduct a study to determine optimal design and implementation strategies for a residential clean energy loan program in the State.

(2) The study required under this subsection shall include consideration of whether the strategies will work advantageously with loans made by private lenders for residential energy efficiency and renewable energy projects.

(3) In conducting the study required under this subsection, the Center shall consult with:

- (i) the Maryland Energy Administration;
- (ii) the Maryland Association of Counties;
- (iii) the Maryland Bankers' Association;
- (iv) clean energy loan providers;
- (v) the Chesapeake Climate Action Network; and
- (vi) the Sierra Club.

(b) On or before October 1, 2016, the Maryland Clean Energy Center shall report to the General Assembly, in accordance with § 2-1246 of the State Government Article, the findings of the study required under subsection (a) of this section and any recommended policy actions to implement a residential clean energy loan program.

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

Approved by the Governor, May 19, 2016.