

# HOUSE BILL 170

P1, M5

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By: **Chair, Economic Matters Committee (By Request – Departmental – Maryland Energy Administration)**

Introduced and read first time: January 23, 2019

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 26, 2019

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Jane E. Lawton Conservation Loan Program – Eligible Borrowers**

3 FOR the purpose of altering the definition of “borrower” for the purpose of provisions of law  
4 governing the Jane E. Lawton Conservation Loan Program to include an eligible  
5 State agency; altering the purpose of the Jane E. Lawton Conservation Loan  
6 Program to include providing certain zero interest loans to certain borrowers,  
7 providing certain financial assistance to State agencies for certain projects, and ~~to~~  
8 ~~include~~ providing certain financial assistance for projects that reduce greenhouse  
9 gas emissions; requiring that, if the borrower is a State agency, an application to  
10 receive a loan under the Jane E. Lawton Conservation Loan Program be signed by  
11 the head of the State agency; exempting State agencies from certain Jane E. Lawton  
12 Conservation Loan Program requirements; altering the purpose of the Jane E.  
13 Lawton Conservation Loan Program to include a certain objective; repealing the  
14 State Agency Loan Program Fund; defining a certain term; altering the definition of  
15 “project” to allow Jane E. Lawton Conservation Loan Program loans to be used for  
16 certain improvements and modifications in structures used primarily for religious or  
17 fraternal activities; providing for the application of this Act; and generally relating  
18 to the Jane E. Lawton Conservation Loan Program and the State Agency Loan  
19 Program.

20 BY repealing and reenacting, without amendments,  
21 Article – State Finance and Procurement  
22 Section 6–226(a)(1) and (2)(i)  
23 Annotated Code of Maryland

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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 (2015 Replacement Volume and 2018 Supplement)

2 BY repealing

3 Article – State Finance and Procurement

4 Section 6–226(a)(2)(ii)5.

5 Annotated Code of Maryland

6 (2015 Replacement Volume and 2018 Supplement)

7 BY repealing and reenacting, with amendments,

8 Article – State Government

9 Section 9–20A–01, 9–20A–03, 9–20A–05, and 9–20A–06

10 Annotated Code of Maryland

11 (2014 Replacement Volume and 2018 Supplement)

12 BY renumbering

13 Article – State Finance and Procurement

14 Section 6–226(a)(2)(ii)6. through 113., respectively

15 to be Section 6–226(a)(2)(ii)5. through 112., respectively

16 Annotated Code of Maryland

17 (2015 Replacement Volume and 2018 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

19 That the Laws of Maryland read as follows:

20 **Article – State Finance and Procurement**

21 6–226.

22 (a) (1) Except as otherwise specifically provided by law or by regulation of the  
23 Treasurer, the Treasurer shall credit to the General Fund any interest on or other income  
24 from State money that the Treasurer invests.

25 (2) (i) Notwithstanding any other provision of law, and unless  
26 inconsistent with a federal law, grant agreement, or other federal requirement or with the  
27 terms of a gift or settlement agreement, net interest on all State money allocated by the  
28 State Treasurer under this section to special funds or accounts, and otherwise entitled to  
29 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General  
30 Fund of the State.

31 (ii) The provisions of subparagraph (i) of this paragraph do not apply  
32 to the following funds:

33 [5. State Agency Loan Program Fund;]

34 **Article – State Government**

35 9–20A–01.

- 1 (a) In this subtitle the following words have the meanings indicated.
- 2 (b) “Administration” means the Maryland Energy Administration.
- 3 (c) “Borrower” means an eligible **STATE AGENCY**, local jurisdiction, nonprofit  
4 organization, or eligible business that applies and qualifies for a loan under this Program.
- 5 (d) “Eligible business” means a commercial enterprise or business that is in good  
6 standing with the State Department of Assessments and Taxation and is:
- 7 (1) incorporated in the State; or
- 8 (2) registered to do business in the State.
- 9 (e) “Energy cost savings” means the actual reduction in operating expenses  
10 resulting from the installation, operation, and maintenance of a project financed under the  
11 Program.
- 12 (f) “Fund” means the Jane E. Lawton Conservation Fund.
- 13 (g) (1) “Local jurisdiction” means any county or municipality of the State.
- 14 (2) “Local jurisdiction” includes:
- 15 (i) a board of education of a county or municipality;
- 16 (ii) a special district that is established by State law and that  
17 operates within a single county;
- 18 (iii) a special district that is established by a county under public  
19 general law; and
- 20 (iv) an office, board, or department that is established in a county  
21 under State law and that is funded, under State law, at least in part by the county  
22 governing body.
- 23 (h) “Municipality” means any municipal corporation in the State that is subject  
24 to the provisions of Article XI–E of the Maryland Constitution or any duly authorized  
25 agency or instrumentality of the municipality.
- 26 (i) “Nonprofit organization” means a corporation, foundation, school, hospital, or  
27 other legal entity, no part of the net earnings of which inure to the benefit of any private  
28 shareholder or individual holding an interest in the entity.
- 29 (j) “Program” means the Jane E. Lawton Conservation Loan Program.

1 (k) [(1)] "Project" means one or more improvements or modifications that  
2 enhance the energy efficiency and reduce the operating expenses of a structure located in  
3 Maryland.

4 [(2)] "Project" does not include improvements or modifications for energy  
5 conservation or renewable energy generation in structures used primarily for religious or  
6 fraternal activities.]

7 (L) (1) "STATE AGENCY" MEANS ANY PERMANENT OR TEMPORARY STATE  
8 OFFICE, DEPARTMENT, DIVISION OR UNIT, BUREAU, BOARD, COMMISSION, TASK  
9 FORCE, AUTHORITY, INSTITUTION, STATE COLLEGE OR UNIVERSITY, AND ANY  
10 OTHER UNIT OF STATE GOVERNMENT, WHETHER EXECUTIVE, LEGISLATIVE, OR  
11 JUDICIAL.

12 (2) "STATE AGENCY" INCLUDES ANY SUBUNITS OF STATE  
13 GOVERNMENT.

14 9-20A-03.

15 The purpose of the Program is to provide financial assistance in the form of low  
16 interest AND ZERO INTEREST loans to nonprofit organizations, local jurisdictions, **STATE**  
17 **AGENCIES**, and eligible businesses for projects in order to:

18 (1) promote energy conservation;

19 (2) reduce consumption of fossil fuels;

20 (3) improve energy efficiency; [and]

21 (4) enhance energy-related economic development and stability in the  
22 nonprofit, commercial, and industrial sectors; **AND**

23 (5) **REDUCE GREENHOUSE GAS EMISSIONS.**

24 9-20A-05.

25 (a) (1) To receive a loan under the Program, a borrower must file an  
26 application with the Administration.

27 (2) If the borrower is an eligible business, the application must be signed  
28 by the chief operating officer or an authorized officer of the business.

29 (3) If the borrower is a local jurisdiction, the application must be signed by  
30 the chief elected officer of the county or municipality, or if none, by the governing body of  
31 the county or municipality in which the project is located.

1 (4) If the borrower is a public school, the application must be signed by the  
2 board of education of the county in which the project is located.

3 (5) IF THE BORROWER IS A STATE AGENCY, THE APPLICATION MUST  
4 BE SIGNED BY THE HEAD OF THE STATE AGENCY.

5 (b) The application shall contain any information the Administration determines  
6 is necessary, including:

7 (1) the projected cost to accomplish a proposed project;

8 (2) the amount of energy or fuel a proposed project is expected to save over  
9 a defined period of time after completion of the project;

10 (3) the anticipated environmental benefits in the form of reduced emissions  
11 or pollution attributable to the proposed project;

12 (4) the amount of cost savings expected to be generated over a defined  
13 period of time after completion of the proposed project;

14 (5) a description of the borrower's contribution to a proposed project as  
15 required by § 9-20A-06 of this subtitle; and

16 (6) any additional information relating to the borrower or the proposed  
17 project that may be required by the Administration in order to administer the Program.

18 9-20A-06.

19 (a) Loans from the Fund may be used for:

20 (1) the costs of implementing projects, including the costs of all necessary:

21 (i) technical assessments;

22 (ii) studies;

23 (iii) surveys;

24 (iv) plans and specifications; and

25 (v) start-up, architectural, engineering, or other special services;

26 (2) the costs of procuring necessary technology, equipment, licenses, or  
27 materials; and

28 (3) the costs of construction, rehabilitation, or modification, including the  
29 purchase and installation of any necessary machinery, equipment, or furnishings.

1 (b) Each borrower shall make a contribution to a project that is of a type and  
2 amount acceptable to the Administration.

3 (c) [The] A borrower **OTHER THAN A STATE AGENCY** must document that the  
4 anticipated energy cost savings to the borrower over a defined period according to a  
5 methodology acceptable to the Administration after the completion of the project are  
6 greater than the total cost of the project to the borrower.

7 (d) Loans made under the Program **TO A BORROWER OTHER THAN A STATE**  
8 **AGENCY** shall:

9 (1) be repayable by the borrower from specified revenues that may include  
10 the energy cost savings generated by a project;

11 (2) bear interest at a rate that the Administration determines to be  
12 necessary and reasonable for the project; and

13 (3) be repayable in accordance with a schedule that the Administration  
14 sets, which may be on a deferred payment basis.

15 (e) (1) A borrower **OTHER THAN A STATE AGENCY** shall provide assurances  
16 for the repayment of a loan.

17 (2) The assurances:

18 (i) shall include a promissory note; and

19 (ii) may include superior or subordinate mortgage liens, guarantees  
20 of repayment, or other forms of collateral.

21 (f) Loans may be made in conjunction with, or in addition to, financial assistance  
22 provided through other State or federal programs.

23 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 6–226(a)(2)(ii)6  
24 through 113, respectively, of Article – State Finance and Procurement of the Annotated  
25 Code of Maryland be renumbered to be Section(s) 6–226(a)(2)(ii)5 through 112, respectively.

26 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be construed to  
27 apply only prospectively and may not be applied or interpreted to have any effect on or  
28 application to any contract existing before the effective date of this Act.

29 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
30 1, 2019.