

HOUSE BILL 398

M5, C8

01r0958

By: **Delegates Rogers, Charkoudian, Bagnall, Boyce, Bridges, Carr, Conaway, Crosby, Crutchfield, Lopez, Love, Queen, Smith, Solomon, Stewart, C. Watson, Wells, and Wilson**

Introduced and read first time: January 22, 2020

Assigned to: Environment and Transportation

Committee Report: Favorable

House action: Adopted

Read second time: March 6, 2020

CHAPTER _____

1 AN ACT concerning

2 **Energy Efficiency – Net-Zero Homes – Contract Preferences**

3 FOR the purpose of requiring the Department of Housing and Community Development to
4 give preference to applications for certain loans that will use the services of certain
5 small, minority, women-owned, and veteran-owned businesses for loans for certain
6 net-zero homes under the Energy-Efficient Homes Construction Loan Program; and
7 generally relating to energy efficiency and home construction assistance.

8 BY repealing and reenacting, without amendments,
9 Article – Housing and Community Development
10 Section 4–2001 through 4–2003
11 Annotated Code of Maryland
12 (2019 Replacement Volume and 2019 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Housing and Community Development
15 Section 4–2004
16 Annotated Code of Maryland
17 (2019 Replacement Volume and 2019 Supplement)

18 BY repealing and reenacting, without amendments,
19 Article – Labor and Employment
20 Section 11–708.1(a) through (c)

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 Annotated Code of Maryland
2 (2016 Replacement Volume and 2019 Supplement)

3 BY repealing and reenacting, without amendments,
4 Article – State Government
5 Section 9–20B–05(f)(9) and (10), (f–1), (f–2), and (f–3)
6 Annotated Code of Maryland
7 (2014 Replacement Volume and 2019 Supplement)

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

10 **Article – Housing and Community Development**

11 4–2001.

- 12 (a) In this subtitle the following words have the meanings indicated.
- 13 (b) “Fund” means the Energy–Efficient Homes Construction Fund.
- 14 (c) “Low–energy home” means a home that achieves a Home Energy Rating
15 System (HERS) Index rating:
- 16 (1) of 50 or lower; or
- 17 (2) as determined by the Department in regulations.
- 18 (d) “Net–zero home” means a home that is designed to produce an amount of
19 energy in 1 year that is equal to the amount of energy that the home uses in 1 year.
- 20 (e) “Program” means the Energy–Efficient Homes Construction Loan Program.

21 4–2002.

- 22 (a) There is an Energy–Efficient Homes Construction Loan Program.
- 23 (b) The purpose of the Program is to provide construction loans to persons to
24 construct low–energy homes and net–zero homes.
- 25 (c) The Program shall be operated with money in the Fund.

26 4–2003.

- 27 (a) The Department shall:
- 28 (1) administer the Program;

1 (2) attach to a Program loan the terms needed to carry out the Program;

2 (3) establish eligibility standards for Program loans;

3 (4) establish interest rates that may be as low as 0% or as high as is
4 reasonable to make the project viable; and

5 (5) adopt regulations to carry out the Program, including regulations
6 designed to increase participation of minority business enterprises in the Program.

7 (b) In setting the terms and interest rates for Program loans, the Department
8 may:

9 (1) offer preferred interest rates and terms for loans used to finance
10 net-zero homes; and

11 (2) establish different interest rates based on the projected energy
12 efficiency of the home to be constructed.

13 (c) The Department may:

14 (1) contract for services related to the Program;

15 (2) contract with private mortgage servicers to perform on behalf of the
16 Department functions the servicers ordinarily perform, including foreclosure and
17 employment of counsel;

18 (3) charge a nonrefundable application fee and other customary loan fees;

19 (4) enter into agreements with lenders or other entities to provide credit
20 enhancement or collectively lend money for the construction of net-zero and low-energy
21 homes;

22 (5) purchase or commit to purchase from mortgage lenders notes or
23 mortgages that meet the requirements of this subtitle, any regulations adopted under this
24 subtitle, and appropriate Program directives;

25 (6) modify the interest rate, the time or amount of payment, or any other
26 term of a Program loan to facilitate repayment of the Program loan and to achieve the
27 purpose of the Program; and

28 (7) without approval or execution by the Board of Public Works:

29 (i) assign a mortgage for value;

30 (ii) release a mortgage;

- 1 (iii) foreclose a mortgage;
- 2 (iv) acquire property that secures a loan in default; and
- 3 (v) encumber, sell, or otherwise dispose of property acquired in
4 connection with a loan in default.

5 (d) Every 6 months beginning January 1, 2015, the Department shall submit a
6 report to the General Assembly, in accordance with § 2-1257 of the State Government
7 Article, on regulations adopted under subsection (a)(5) of this section to increase
8 participation of minority businesses in the Program and the outcome of that effort.

9 4-2004.

10 (a) Proceeds of a Program loan shall be used only for:

- 11 (1) property acquisition and development costs for the construction of a
12 net-zero home or low-energy home; and
- 13 (2) settlement and closing costs.

14 (b) A Program loan shall be secured by a mortgage lien that:

- 15 (1) may be subordinate to other mortgage liens; and
- 16 (2) may include terms, including deferred payment of principal and
17 interest, that the Department considers necessary to make the project viable.

18 (c) To apply for a loan under this subtitle, an applicant shall submit:

- 19 (1) a completed application in a form that the Department requires;
- 20 (2) information on projected energy usage, project design, and marketing
21 data; and
- 22 (3) any other information or documentation that the Department considers
23 necessary to make a determination on the loan.

24 (d) **(1)** The Department may give a preference to an application for:

25 **[(1)] (I)** a net-zero home; or

26 **[(2)] (II)** a project that includes financing from other sources in addition
27 to the Program loan.

28 **(2) IN PROVIDING ASSISTANCE UNDER THE PROGRAM FOR A**
29 **NET-ZERO HOME, THE DEPARTMENT SHALL GIVE PREFERENCE TO APPLICATIONS**

1 THAT WILL USE THE SERVICES OF SMALL, MINORITY, WOMEN-OWNED, AND
2 VETERAN-OWNED BUSINESSES IN THE STATE IN THE CLEAN ENERGY INDUSTRY,
3 PARTICULARLY BUSINESSES THAT PROVIDE EMPLOYMENT FOR INDIVIDUALS
4 TRAINED THROUGH WORKFORCE DEVELOPMENT PROGRAMS SUPPORTED BY THE
5 STRATEGIC ENERGY INVESTMENT FUND UNDER § 5-1501 OF THE ECONOMIC
6 DEVELOPMENT ARTICLE AND THROUGH THE CLEAN ENERGY WORKFORCE
7 ACCOUNT UNDER § 11-708.1 OF THE LABOR AND EMPLOYMENT ARTICLE.

8 **Article – Labor and Employment**

9 11-708.1.

10 (a) There is a Clean Energy Workforce Account.

11 (b) The Account shall be funded from the Strategic Energy Investment Fund in
12 accordance with § 9-20B-05(f)(10), (f-2), and (f-3) of the State Government Article.

13 (c) (1) The Account shall be used to provide grants to support workforce
14 development programs that provide:

15 (i) pre-apprenticeship jobs training;

16 (ii) youth apprenticeship jobs training; and

17 (iii) registered apprenticeship jobs training.

18 (2) A pre-apprenticeship jobs training program must:

19 (i) be designed to prepare individuals to enter and succeed in an
20 apprenticeship program registered by the Maryland Apprenticeship and Training Council;

21 (ii) include:

22 1. training and curriculum based on national best practices
23 that prepare individuals with the skills and competencies to enter one or more
24 State-registered or U.S. Department of Labor-registered apprenticeship programs that
25 prepare workers for careers in the clean energy industry;

26 2. a documented strategy for increasing apprenticeship
27 opportunities for unemployed and underemployed individuals, including:

28 A. recruitment strategies to bring these individuals into the
29 pre-apprenticeship jobs training program;

30 B. educational and pre-vocational services to prepare
31 program participants to meet the entry requirements of one or more registered

1 apprenticeship programs;

2 C. access to appropriate support services to enable program
3 participants to maintain participation in the program; and

4 D. mechanisms to assist program participants in identifying
5 and applying to registered apprenticeship programs; and

6 3. rigorous performance and evaluation methods to ensure
7 program effectiveness and improvement; and

8 (iii) have a documented partnership with at least one registered
9 apprenticeship program described in item (ii)² of this paragraph.

10 (3) Eligible clean energy industry jobs for a pre-apprenticeship jobs
11 training program include positions in:

12 (i) renewable energy;

13 (ii) energy efficiency;

14 (iii) energy storage;

15 (iv) resource conservation; and

16 (v) advanced transportation.

17 (4) (i) This paragraph applies to youth apprenticeship jobs training
18 programs and registered apprenticeship jobs training programs supported by the Account
19 under this subsection.

20 (ii) An apprenticeship sponsor shall receive as a grant from the
21 Account:

22 1. up to \$150,000 for a program proposal and planning
23 expenses; and

24 2. \$3,000 for each successfully completed apprenticeship.

25 (iii) The youth apprenticeship jobs training programs and the
26 registered apprenticeship jobs training programs must prepare workers for careers in the
27 solar and wind sectors of the clean energy industry.

28 **Article – State Government**

29 9–20B–05.

1 (f) The Administration shall use the Fund:

2 (9) subject to subsections (f-1) and (f-3) of this section, to provide
3 \$7,000,000 in funding for access to capital for small, minority, women-owned, and
4 veteran-owned businesses in the clean energy industry under § 5-1501 of the Economic
5 Development Article, allocated in annual increments as follows:

6 (i) \$200,000 in fiscal year 2021;

7 (ii) \$500,000 in fiscal year 2022;

8 (iii) \$500,000 in fiscal year 2023;

9 (iv) \$1,000,000 in fiscal year 2024; and

10 (v) \$1,200,000 in each fiscal year from 2025 through 2028;

11 (10) subject to subsections (f-2) and (f-3) of this section, to invest in
12 pre-apprenticeship, youth apprenticeship, and registered apprenticeship programs to
13 establish career paths in the clean energy industry under § 11-708.1 of the Labor and
14 Employment Article, as follows:

15 (i) \$1,500,000 for grants to pre-apprenticeship jobs training
16 programs under § 11-708.1(c)(2) of the Labor and Employment Article starting in fiscal
17 year 2021 until all amounts are spent; and

18 (ii) \$6,500,000 for grants to youth apprenticeship jobs training
19 programs and registered apprenticeship jobs training programs under § 11-708.1(c)(4) of
20 the Labor and Employment Article starting in fiscal year 2021 until all amounts are spent;
21 and

22 (f-1) (1) Any funding provided under subsection (f)(9) of this section that is not
23 spent in a given fiscal year shall revert to the Fund in the following fiscal year.

24 (2) Funding that is provided for access to capital for small, minority,
25 women-owned, and veteran-owned businesses under subsection (f)(9) of this section shall
26 be used to provide grants to eligible fund managers to provide investment capital, including
27 equity and similar investments, and loans to small, minority, women-owned, and
28 veteran-owned businesses in the State in the clean energy industry.

29 (3) Eligible fund managers receiving grants under subsection (f)(9) of this
30 section may use a portion of the money received to pay ordinary and reasonable expenses
31 for administrative, actuarial, legal, marketing, and technical services and management
32 fees.

33 (4) The Administration may provide additional funding for the purposes
34 stated in subsection (f)(9) of this section.

1 (f-2) An \$8,000,000 payment for workforce development programs under
2 subsection (f)(10) of this section starting in fiscal year 2021 shall be derived from the
3 Renewable Energy, Climate Change account of the Fund.

4 (f-3) Funding under subsection (f)(9) and (10) of this section for access to capital,
5 investment, promotion, or implementation should be directed only to businesses that agree
6 to create and maintain jobs that promote family-sustaining wages, employer-provided
7 health care with affordable deductibles and co-pays, career advancement training, fair
8 scheduling, employer-paid workers' compensation and unemployment insurance, a
9 retirement plan, paid time off, and the right to bargain collectively for wages and benefits.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
11 1, 2020.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.