

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 1085
Economic Matters

(Delegates Mizeur and Hecht)

Clean Energy Loan Programs - Renewable Energy Projects

This bill amends provisions of State law that authorize a political subdivision to establish a Clean Energy Loan Program, to allow a program to provide loans to commercial property owners for the financing of renewable energy projects with either an electric generating capacity of not more than 100 kilowatts *or the equivalent thermal energy output measured in BTUs*.

Fiscal Summary

State Effect: None. The bill does not directly affect State finances.

Local Effect: The bill is not expected to materially affect local government finances.

Small Business Effect: Minimal or none.

Analysis

Current Law: Pursuant to Chapter 743 of 2009, a political subdivision may enact an ordinance or resolution establishing a Clean Energy Loan Program to provide loans to residential and commercial property owners for the financing of energy efficiency and renewable energy projects. Commercially owned renewable energy projects may not exceed 100 kilowatts of electric generating capacity. An ordinance or resolution enacted must provide for eligibility requirements for participation in the program and loan terms and conditions.

A property owner must repay a loan through a surcharge on the owner's property tax bill, and a person who acquires property subject to a surcharge assumes the obligation to pay

the surcharge. A political subdivision has specified authority to issue bonds to finance loans made through the program.

Background: The Maryland Energy Administration (MEA) indicates that it is partnering with the Maryland Clean Energy Center and local governments to develop property-assessed clean energy (PACE) programs pursuant to Chapter 743 of 2009. MEA advises that it is investing \$4 million in federal stimulus funds to support the development and implementation of PACE programs.

The City of Annapolis announced in December 2009 that it would launch the first phase of its PACE loan program, called “Annapolis EZ (Energy Zone),” in early 2010. Montgomery County also enacted a “Home Energy Loan Program” in April 2009. MEA indicates that PACE programs make energy efficiency and renewable energy easier and more affordable for property owners, overcoming the barrier of the upfront cost of clean energy technologies.

The U.S. Energy Information Administration defines “BTU” (British thermal unit) as “the quantity of heat required to raise the temperature of 1 pound of liquid water by 1 degree Fahrenheit at the temperature at which water has its greatest density (approximately 39 degrees Fahrenheit).”

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Energy Administration; Maryland Department of Planning; Maryland Clean Energy Center; Public Service Commission; Baltimore, Carroll, Cecil, Harford, Montgomery, and St. Mary’s counties; U.S. Energy Information Administration; Department of Legislative Services

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