

# SENATE BILL 186

Q1, L6  
SB 1016/13 – FIN

4r1197  
CF HB 202

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By: **Senators Feldman, Astle, Glassman, Kelley, Kittleman, Klausmeier, Mathias, Middleton, Pugh, and Ramirez**

Introduced and read first time: January 15, 2014

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 11, 2014

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

1 AN ACT concerning

2 **Clean Energy Loan Programs – Private Lenders – Collection of Loan**  
3 **Payments**

4 FOR the purpose of authorizing a private lender to provide capital for a commercial  
5 loan provided under a local clean energy loan program; providing that, with the  
6 express consent of any holder of a mortgage or deed of trust on the property, a  
7 county or municipality may collect loan payments owed on a commercial loan to  
8 a private lender or to a county or municipality, and certain administrative costs,  
9 through a surcharge on a property owner's property tax bill; providing that an  
10 unpaid surcharge constitutes a lien against the property on which it is imposed  
11 under certain circumstances; providing that certain provisions of law that apply  
12 to a tax lien also apply to a certain lien created under this Act; defining a  
13 certain term; and generally relating to the collection of commercial loan  
14 payments owed to private lenders under local clean energy loan programs.

15 BY repealing and reenacting, without amendments,  
16 Article – Local Government  
17 Section 1–1102 and 1–1104  
18 Annotated Code of Maryland  
19 (2013 Volume)

20 BY repealing and reenacting, with amendments,  
21 Article – Local Government  
22 Section 1–1101, 1–1103, and 1–1105

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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 Annotated Code of Maryland  
2 (2013 Volume)

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

5 **Article – Local Government**

6 1–1101.

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

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

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

12 **(D) “COMMERCIAL PROPERTY” MEANS REAL PROPERTY THAT IS:**

13 **(1) NOT DESIGNED PRINCIPALLY OR INTENDED FOR HUMAN**  
14 **HABITATION; OR**

15 **(2) USED FOR HUMAN HABITATION AND IS IMPROVED BY MORE**  
16 **THAN FOUR SINGLE FAMILY DWELLING UNITS.**

17 **[(d)] (E)** “Program” means a clean energy loan program established under  
18 this subtitle.

19 1–1102.

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

22 1–1103.

23 **(A)** The purpose of a program is to provide loans to:

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

26 (2) commercial property owners to finance:

27 (i) energy efficiency projects; and

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

3 **(B) A PRIVATE LENDER MAY PROVIDE CAPITAL FOR A LOAN PROVIDED**  
4 **TO A COMMERCIAL PROPERTY OWNER UNDER THE PROGRAM.**

5 1–1104.

6 (a) An ordinance or resolution enacted under § 1–1102 of this subtitle shall  
7 provide for:

8 (1) eligibility requirements for participation in the program, including  
9 eligibility requirements for:

10 (i) energy efficiency improvements and renewable energy  
11 devices; and

12 (ii) property and property owners; and

13 (2) loan terms and conditions.

14 (b) Eligibility requirements under subsection (a) of this section shall include  
15 a requirement that the county or municipality give due regard to the property owner's  
16 ability to repay a loan provided under the program, in a manner substantially similar  
17 to that required for a mortgage loan under §§ 12–127, 12–311, 12–409.1,  
18 12–925, and 12–1029 of the Commercial Law Article.

19 1–1105.

20 (a) **[A] SUBJECT TO SUBSECTION (C) OF THIS SECTION,** A program shall  
21 require a property owner to repay a loan provided under the program through a  
22 surcharge on the owner's property tax bill.

23 (b) **[A] EXCEPT FOR A SURCHARGE AUTHORIZED UNDER SUBSECTION**  
24 **(C) OF THIS SECTION,** A county or municipality may not set a surcharge greater than  
25 an amount that allows the county or municipality to recover the costs associated with:

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

27 (2) administering the program.

28 **(C) WITH THE EXPRESS CONSENT OF ANY HOLDER OF A MORTGAGE OR**  
29 **DEED OF TRUST ON A COMMERCIAL PROPERTY THAT IS TO BE IMPROVED**  
30 **THROUGH A LOAN TO THE COMMERCIAL PROPERTY OWNER UNDER THE**  
31 **PROGRAM:**

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

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

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

12           **[(c)] (D)** A person who acquires property subject to a surcharge under this  
 13 section assumes the obligation to pay the surcharge.

14           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 15 October 1, 2014.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.