

SENATE BILL 319

L6, M3

(PRE-FILED)

1lr0795
CF HB 517

By: **Senators Hester and Elfreth**

Requested: September 30, 2020

Introduced and read first time: January 13, 2021

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 10, 2021

CHAPTER _____

1 AN ACT concerning

2 **Clean Energy Loan Program – Remediation and Resiliency**

3 FOR the purpose of expanding the purpose of a certain clean energy loan program to include
4 providing loans to certain property owners to finance or refinance certain
5 environmental remediation projects and resiliency projects; adding certain
6 environmental remediation projects, resiliency projects, ~~and~~ water efficiency
7 projects, and grid resiliency projects to the list of items that require eligibility
8 requirements under a certain ordinance; clarifying that certain loan terms and
9 conditions required under a certain ordinance include a certain provision; altering
10 the circumstances under which, with the express consent of any holder of a mortgage
11 or deed of trust on a certain property, a county or municipality may collect certain
12 loan payments in a certain manner, a certain unpaid surcharge constitutes a lien,
13 and certain provisions of law apply to a tax lien under certain circumstances; making
14 stylistic changes; defining certain terms; and generally relating to a clean energy
15 loan program.

16 BY repealing and reenacting, with amendments,
17 Article – Local Government
18 Section 1–1101 and 1–1103 through 1–1105
19 Annotated Code of Maryland
20 (2013 Volume and 2020 Supplement)

21 BY repealing and reenacting, without amendments,
22 Article – Local Government

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 Section 1–1102
2 Annotated Code of Maryland
3 (2013 Volume and 2020 Supplement)

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

6 **Article – Local Government**

7 1–1101.

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

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

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

13 (d) “Commercial property” means real property that is:

14 (1) not designed principally or intended for human habitation; or

15 (2) used for human habitation and is improved by more than four single
16 family dwelling units.

17 **(E) (1) “ENVIRONMENTAL REMEDIATION PROJECT” MEANS A PROJECT**
18 **THAT IS INTENDED TO REMOVE ENVIRONMENTAL OR HEALTH HAZARDS.**

19 **(2) “ENVIRONMENTAL REMEDIATION PROJECT” INCLUDES:**

20 **(I) A PROJECT THAT PROMOTES INDOOR AIR AND WATER**
21 **QUALITY;**

22 **(II) ASBESTOS REMEDIATION;**

23 **(III) LEAD PAINT REMOVAL; AND**

24 **(IV) MOLD REMEDIATION.**

25 **(F) “GRID RESILIENCY PROJECT” MEANS AN ENERGY CAPITAL**
26 **IMPROVEMENT INVESTMENT THAT:**

27 **(1) INCLUDES NOT LESS THAN ONE OF THE FOLLOWING FUNCTIONS:**

28 **(I) ENERGY STORAGE;**

1 **(II) DEMAND MANAGEMENT; OR**

2 **(III) OTHER FUNCTIONS THAT IMPROVE RELIABILITY OF**
3 **SERVICE OR PROVIDE SERVICE DURING AN ELECTRICAL SERVICE DISRUPTION; AND**

4 **(2) IS INSTALLED IN A MANNER CONSISTENT WITH APPLICABLE**
5 **PUBLIC SERVICE COMMISSION AND ELECTRIC COMPANY REQUIREMENTS,**
6 **INCLUDING:**

7 **(I) INTERCONNECTION REQUIREMENTS; AND**

8 **(II) FRANCHISE REQUIREMENTS.**

9 [(e)] ~~(F)~~ **(G)** “Program” means a clean energy loan program established under this
10 subtitle.

11 ~~(G)~~ **(H)** **(1) “RESILIENCY PROJECT” MEANS A PROJECT THAT IS**
12 **INTENDED TO INCREASE THE CAPACITY OF A PROPERTY TO WITHSTAND NATURAL**
13 **DISASTERS AND THE EFFECTS OF CLIMATE CHANGE.**

14 **(2) “RESILIENCY PROJECT” INCLUDES:**

15 **(I) A FLOOD MITIGATION PROJECT;**

16 **(II) A STORMWATER MANAGEMENT PROJECT;**

17 **(III) A PROJECT TO INCREASE FIRE OR WIND RESISTANCE;**

18 **(IV) A PROJECT TO INCREASE THE CAPACITY OF A NATURAL**
19 **SYSTEM;**

20 **(V) AN INUNDATION ADAPTATION PROJECT;**

21 **(VI) ALTERNATIVE VEHICLE CHARGING INFRASTRUCTURE; AND**

22 **(VII) ENERGY STORAGE.**

23 1–1102.

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

26 1–1103.

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

2 (1) residential property owners, including low income residential property
3 owners, **AND COMMERCIAL PROPERTY OWNERS** to finance [energy efficiency and
4 renewable energy projects; and

5 (2) commercial property owners to finance] **OR REFINANCE:**

6 [(i) (1) energy **AND WATER** efficiency projects; [and]

7 **(2) ENVIRONMENTAL REMEDIATION PROJECTS;**

8 [(ii) (3) renewable energy projects; ~~AND~~

9 **(4) RESILIENCY PROJECTS; AND**

10 **(5) IF INSTALLED WITH ENERGY EFFICIENCY PROJECTS OR**
11 **RENEWABLE ENERGY PROJECTS, GRID RESILIENCY PROJECTS.**

12 (b) A private lender may provide capital for a loan provided to a commercial
13 property owner under the program.

14 1–1104.

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

17 (1) eligibility requirements for participation in the program, including
18 eligibility requirements for:

19 (i) energy **AND WATER** efficiency [improvements and] **PROJECTS,**
20 renewable energy devices, **ENVIRONMENTAL REMEDIATION PROJECTS, AND**
21 **RESILIENCY PROJECTS, AND GRID RESILIENCY PROJECTS;** and

22 (ii) property and property owners; and

23 (2) loan terms and conditions, **INCLUDING A PROVISION THAT**
24 **REQUIRES THAT A LOAN BE REPAID OVER A TERM NOT TO EXCEED THE USEFUL LIFE**
25 **OF THE PROJECT AS DETERMINED BY THE PROGRAM.**

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

1 1-1105.

2 (a) Subject to subsection (c) of this section, a program shall require a property
3 owner to repay a loan provided under the program through a surcharge on the owner's
4 property tax bill.

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

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

9 (2) administering the program.

10 (c) With the express consent of any holder of a mortgage or deed of trust on a
11 commercial property that is to be [improved] **FINANCED** through a loan to the commercial
12 property owner under the program:

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

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

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

21 (d) A person who acquires property subject to a surcharge under this section
22 assumes the obligation to pay the surcharge.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2021.