

Chapter 372

(Senate Bill 223)

AN ACT concerning

**Maryland Energy Administration – Jane E. Lawton Conservation Loan Program
and Fund and Maryland Strategic Energy Investment Fund**

FOR the purpose of transferring the Jane E. Lawton Conservation Loan Program from the Maryland Energy Administration to the Maryland Clean Energy Center; repealing the authority of the Maryland Energy Administration to adopt regulations to implement the Program; requiring the Center to hold the Jane E. Lawton Conservation Fund and invest and reinvest the money of the Fund; altering reporting requirements for the Maryland Strategic Energy Investment Fund; and generally relating to the Jane E. Lawton Conservation Loan Program, the Jane E. Lawton Conservation Fund, and the Maryland Strategic Energy Investment Fund.

BY renumbering

Article – Economic Development

Section 10–862 and the part “Part VII. Short Title”

to be Section 10–874 and the part “Part VIII. Short Title”

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

BY transferring

Article – State Government

Section 9–20A–01 through 9–20A–10 and the subtitle “Subtitle 20A. The Jane E. Lawton Conservation Loan Program”

Annotated Code of Maryland

(2021 Replacement Volume and 2025 Supplement)

to be

Article – Economic Development

Section 10–862 through 10–871 to be under the new part “Part VII. The Jane E. Lawton Conservation Loan Program”

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, without amendments,

Article – Economic Development

Section 10–801(a) and (f)

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,

Article – Economic Development

Section 10–801(o)

Annotated Code of Maryland
(2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
Article – Economic Development
Section 10–862 through 10–871
Annotated Code of Maryland
(2024 Replacement Volume and 2025 Supplement)
(As enacted by Section 2 of this Act)

BY repealing and reenacting, without amendments,
Article – State Government
Section 9–20B–01(a), (b), and (e)
Annotated Code of Maryland
(2021 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
Article – State Government
Section 9–20B–12
Annotated Code of Maryland
(2021 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That Section(s) 10–862 and the part “Part VII. Short Title” of Article – Economic
Development of the Annotated Code of Maryland be renumbered to be Section(s) 10–874
and the part “Part VIII. Short Title”.

SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 9–20A–01 through
9–20A–10 and the subtitle “Subtitle 20A. The Jane E. Lawton Conservation Loan Program”
of Article – State Government of the Annotated Code of Maryland be transferred to be
Section(s) 10–862 through 10–871, respectively, and the part “Part VII. The Jane E. Lawton
Conservation Loan Program” of Article – Economic Development of the Annotated Code of
Maryland.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
as follows:

Article – Economic Development

10–801.

- (a) In this subtitle the following words have the meanings indicated.
- (f) “Center” means the Maryland Clean Energy Center.

(o) [(1) “Project”] **WITH RESPECT TO PARTS I THROUGH VI OF THIS SUBTITLE:**

(1) “PROJECT” means any property, the acquisition or improvement of which the Board, in its sole discretion, determines by resolution will accomplish at least one of the purposes listed in § 10–802(b) of this subtitle, whether or not the property:

- (i) is or will be used or operated for profit or not for profit;
- (ii) is or will be located on a single site or multiple sites; or
- (iii) may be financed by bonds, the interest on which is exempt from income taxation under federal law[.]; **AND**

(2) [“Project”] “PROJECT” includes:

- (i) land or an interest in land;
- (ii) structures, equipment, furnishings, rail or motor vehicles, barges, and boats;
- (iii) property and rights related to property, appurtenances, rights-of-way, franchises, and easements;
- (iv) property that is functionally related and subordinate to a project; and
- (v) patents, licenses, and other rights necessary or useful in the improvement or operation of a project.

10–862.

(a) In this [subtitle] **PART** the following words have the meanings indicated.

(b) [“Administration” means the Maryland Energy Administration.

(c) [“Borrower” means an eligible State agency, local jurisdiction, nonprofit organization, or eligible business that applies and qualifies for a loan under this Program.

[(d)] **(C)** [“Eligible business” means a commercial enterprise or business that is in good standing with the State Department of Assessments and Taxation and is:

- (1) incorporated in the State; or
- (2) registered to do business in the State.

[(e)] (D) “Energy cost savings” means the actual reduction in operating expenses resulting from the installation, operation, and maintenance of a project financed under the Program.

[(f)] (E) “Fund” means the Jane E. Lawton Conservation Fund.

[(g)] (F) (1) “Local jurisdiction” means any county or municipality of the State.

(2) “Local jurisdiction” includes:

(i) a board of education of a county or municipality;

(ii) a special district that is established by State law and that operates within a single county;

(iii) a special district that is established by a county under public general law; and

(iv) an office, board, or department that is established in a county under State law and that is funded, under State law, at least in part by the county governing body.

[(h)] (G) “Municipality” means any municipal corporation in the State that is subject to the provisions of Article XI–E of the Maryland Constitution or any duly authorized agency or instrumentality of the municipality.

[(i)] (H) “Nonprofit organization” means a corporation, foundation, school, hospital, or other legal entity, no part of the net earnings of which inure to the benefit of any private shareholder or individual holding an interest in the entity.

[(j)] (I) “Program” means the Jane E. Lawton Conservation Loan Program.

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

[(l)] (1) “State agency” means any permanent or temporary State office, department, division or unit, bureau, board, commission, task force, authority, institution, State college or university, and any other unit of State government, whether executive, legislative, or judicial.

(2) “State agency” includes any subunits of State government.]

There is a Jane E. Lawton Conservation Loan Program in the [Administration] **CENTER**.

10–864.

The purpose of the Program is to provide financial assistance in the form of low interest and zero interest loans to nonprofit organizations, local jurisdictions, State agencies, and eligible businesses for projects [in order] to:

- (1) promote energy conservation;
- (2) reduce consumption of fossil fuels;
- (3) improve energy efficiency;
- (4) enhance energy–related economic development and stability in the nonprofit, commercial, and industrial sectors; and
- (5) reduce greenhouse gas emissions.

10–865.

The [Administration] **CENTER** shall:

- (1) manage, supervise, and administer the Program;
- (2) [adopt regulations to] ensure that loans are provided only to projects that carry out the purpose of the Program;
- (3) attach specific terms to any loan that are considered necessary to ensure that the purpose of the Program is fulfilled; and
- (4) develop procedures for monitoring projects to assess whether the improvements or modifications made by an eligible entity or business that had received a loan under the Program have resulted in a measurable reduction in energy consumption.

10–866.

(a) (1) To receive a loan under the Program, a borrower must file an application with the [Administration] **CENTER**.

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

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

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

(5) If the borrower is a State agency, the application must be signed by the head of the State agency.

(b) The application shall contain any information the [Administration] **CENTER** determines is necessary, including:

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

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

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

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

(5) a description of the borrower's contribution to a proposed project as required by [§ 9–20A–06] **§ 10–867** of this subtitle; and

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

10–867.

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

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

(i) technical assessments;

(ii) studies;

(iii) surveys;

(iv) plans and specifications; and

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

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

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

(b) Each borrower shall make a contribution to a project that is of a type and amount acceptable to the [Administration] **CENTER**.

(c) A borrower other than a State agency must document that the anticipated energy cost savings to the borrower over a defined period according to a methodology acceptable to the [Administration] **CENTER** after the completion of the project are greater than the total cost of the project to the borrower.

(d) Loans made under the Program to a borrower other than a State agency shall:

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

(2) bear interest at a rate that the [Administration] **CENTER** determines to be necessary and reasonable for the project; and

(3) be repayable in accordance with a schedule that the [Administration] **CENTER** sets, which may be on a deferred payment basis.

(e) (1) A borrower other than a State agency shall provide assurances for the repayment of a loan.

(2) The assurances:

(i) shall include a promissory note; and

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

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

10-868.

(a) There is a Jane E. Lawton Conservation Fund.

(b) The [Administration] **CENTER** shall administer the Fund.

(c) (1) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

(2) ~~The State Treasurer~~ **CENTER** shall hold the Fund ~~and the Comptroller shall account for the Fund.~~

(d) The Fund consists of:

- (1) money appropriated in the State budget to the Program;
- (2) money received from any public or private source;
- (3) interest and investment earnings on the Fund; and
- (4) repayments and prepayments of principal and interest on loans made from the Fund.

(e) The Fund may be used only:

- (1) to pay the expenses of the Program;
- (2) to provide loans to eligible borrowers and projects; and
- (3) to enhance the credit of a financing offered by eligible banks and other financial institutions for projects.

(f) (1) ~~The State Treasurer~~ **CENTER** shall invest and reinvest the money of the Fund in the same manner as other ~~State money~~ **MONEY HELD BY THE CENTER** may be invested.

(2) Any investment earnings of the Fund shall be paid into the Fund.

(3) Any repayment of principal and interest on loans made from the Fund shall be paid into the Fund.

(g) (1) The [Administration] **CENTER** shall annually reserve for at least 90 days a portion of the money from the Fund that is available for financial assistance under the Program for loans to nonprofit organizations.

(2) In a fiscal year in which requests for financial assistance from nonprofit organizations are less than the amount of money reserved under paragraph (1) of this subsection for the period determined by the [Administration] **CENTER**, the [Administration] **CENTER** may make the unencumbered or noncommitted portion of the reserve available to other borrowers in the Program.

The [Administration] **CENTER** may enter into contracts with third parties to make, service, or settle loans made under this [subtitle] **PART**.

10–870.

(a) The [Administration] **CENTER** may use the Fund to enhance the credit of a financing offered by a bank or other financial institution for a project.

(b) A credit enhancement issued in accordance with subsection (a) of this section shall:

(1) carry out the purpose of the Program in a manner the [Administration] **CENTER** considers appropriate;

(2) facilitate financing of at least one project of a local jurisdiction, nonprofit organization, or eligible business; and

(3) be offered only to a bank or other financial institution in good standing with the State Department of Assessments and Taxation that is:

(i) incorporated in the State; or

(ii) registered to do business in the State.

(c) The [Administration] **CENTER** may assess a reasonable fee to a participating bank or financial institution for the administration of this section.

[(d) The Administration shall adopt regulations to carry out this section.]

10–871.

(a) A person may not knowingly make or cause to be made any false statement or report in any document required to be furnished to the [Administration] **CENTER** by any agreement relating to financial assistance.

(b) A person applying for financial assistance may not knowingly make or cause to be made any false statement for the purpose of influencing any action of the [Administration] **CENTER** on an application for financial assistance or for the purpose of influencing any action of the [Administration] **CENTER** affecting financial assistance already provided.

(c) A person who violates this section is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$50,000 or imprisonment not exceeding 1 year or both.

10–872. RESERVED.

10–873. RESERVED.**Article – State Government**

9–20B–01.

- (a) In this subtitle the following words have the meanings indicated.
- (b) “Administration” means the Maryland Energy Administration.
- (e) “Fund” means the Maryland Strategic Energy Investment Fund.

9–20B–12.

(a) On or before January 1 each year, the Administration shall report to the Governor, to the Board, and, in accordance with § 2–1257 of this article, to the General Assembly and the members of the Senate Finance Committee and the House Economic Matters Committee on the uses and expenditures of the Fund from the prior fiscal year.

(b) The report shall include:

(1) a detailed accounting of all amounts **IN EXCESS OF \$10,000** received by and disbursed from the Fund, including the amount and recipient of each grant awarded by the Administration[, and identifying multiple grants awarded to the same person or the same address];

(2) all amounts used by the Administration for administrative purposes, including the funding source from which each amount was obtained;

(3) programs, projects, and activities included in each category under § 9–20B–05(g) of this subtitle;

(4) the status of programs, projects, activities, and investments implemented with funds from the Fund, including an evaluation of the impact of the programs, projects, activities, and investments that are directed to low–income or moderate–income residential sectors or to other particular classes of ratepayers;

(5) an estimate of [electricity savings] **GREENHOUSE GAS EMISSIONS REDUCTIONS** from the programs, projects, activities, and investments;

(6) the number of allowances sold in each auction;

(7) the average allowance price from each auction;

- (8) an estimate of revenue from future auctions;
- (9) an accounting of all amounts received or disbursed by the Fund from all other sources, including money received in accordance with orders issued and settlement agreements approved by the Public Service Commission;
- (10) recommendations for changes to the allocation of funds under § 9–20B–05(g) of this subtitle;
- (11) the status of programs and expenditures in the current fiscal year; and
- (12) possible or expected program initiatives and changes in later years.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026.

Approved by the Governor, May 12, 2026.