

HOUSE BILL 119

P2, L6, M5

6lr0739

(PRE-FILED)

By: **Delegate Vogel**

Requested: August 26, 2025

Introduced and read first time: January 14, 2026

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Energy Performance Contracts – Navigators, Funding, and Requirements**

3 FOR the purpose of requiring a public body that enters into an energy performance contract
4 to comply with certain provisions of law regarding energy performance contracts;
5 requiring the Maryland Clean Energy Center to hire or contract with navigators to
6 assist a public body in creating an energy performance contract; altering the Jane E.
7 Lawton Conservation Loan Program and the Jane E. Lawton Conservation Fund to
8 allow for the issuance of certain grants and loans to certain public bodies; requiring
9 the Maryland Energy Administration to work with a navigator assisting a public
10 body in creating an energy performance contract; authorizing the use of the Strategic
11 Energy Investment Fund for the Center to hire or contract with navigators; and
12 generally relating to energy performance contracts.

13 BY repealing and reenacting, without amendments,

14 Article – State Finance and Procurement

15 Section 11–101(a) and (i) and 12–302

16 Annotated Code of Maryland

17 (2021 Replacement Volume and 2025 Supplement)

18 BY adding to

19 Article – State Finance and Procurement

20 Section 17–1001 and 17–1002 to be under the new subtitle “Subtitle 10. Navigators
21 for Energy Performance Contracts”

22 Annotated Code of Maryland

23 (2021 Replacement Volume and 2025 Supplement)

24 BY repealing and reenacting, with amendments,

25 Article – State Government

26 Section 9–20A–01 through 9–20A–07 and 9–20B–05(f)(13) and (14)

27 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2021 Replacement Volume and 2025 Supplement)

2 BY repealing and reenacting, without amendments,
3 Article – State Government
4 Section 9–20B–05(a)
5 Annotated Code of Maryland
6 (2021 Replacement Volume and 2025 Supplement)

7 BY adding to
8 Article – State Government
9 Section 9–20B–05(f)(14)
10 Annotated Code of Maryland
11 (2021 Replacement Volume and 2025 Supplement)

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

14 **Article – State Finance and Procurement**

15 11–101.

16 (a) In this Division II the following words have the meanings indicated unless:

17 (1) the context clearly requires a different meaning; or

18 (2) a different definition is provided for a particular title or provision.

19 (i) “Energy performance contract” means an agreement for the provision of
20 energy services, including electricity, heating, ventilation, cooling, steam, or hot water, in
21 which a person agrees to design, install, finance, maintain, or manage energy systems or
22 equipment to improve the energy efficiency of a building or facility in exchange for a portion
23 of the energy savings.

24 12–302.

25 (a) The Department of General Services shall be responsible for monitoring the
26 status of active energy performance contracts and reporting that status to the Board
27 annually.

28 (b) A unit that has entered into an energy performance contract shall submit to
29 the Department of General Services for review any required annual measurement and
30 verification reports.

31 **SUBTITLE 10. NAVIGATORS FOR ENERGY PERFORMANCE CONTRACTS.**

32 **17–1001.**

1 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
2 INDICATED.

3 (B) “ENERGY PERFORMANCE CONTRACT” HAS THE MEANING STATED IN §
4 11-101 OF THIS ARTICLE.

5 (C) “NAVIGATOR” MEANS AN INDIVIDUAL WHO ASSISTS PUBLIC BODIES IN
6 CREATING ENERGY PERFORMANCE CONTRACTS.

7 (D) “PUBLIC BODY” INCLUDES:

8 (1) A UNIT OF STATE GOVERNMENT;

9 (2) A COUNTY;

10 (3) A MUNICIPAL CORPORATION;

11 (4) A PUBLIC INSTITUTION OF HIGHER EDUCATION;

12 (5) A LOCAL BOARD OF EDUCATION; AND

13 (6) A STATE OR LOCAL HOSPITAL.

14 17-1002.

15 (A) (1) A PUBLIC BODY THAT ENTERS INTO AN ENERGY PERFORMANCE
16 CONTRACT SHALL COMPLY WITH TITLE 12, SUBTITLE 3 OF THIS ARTICLE.

17 (2) BEFORE ENTERING INTO AN ENERGY PERFORMANCE CONTRACT
18 A PUBLIC BODY SHALL SUBMIT WRITTEN NOTIFICATION TO THE NAVIGATOR FOR
19 THE PUBLIC BODY’S REGION.

20 (B) (1) (I) THE MARYLAND CLEAN ENERGY CENTER SHALL HIRE OR
21 CONTRACT WITH NAVIGATORS TO ASSIST A PUBLIC BODY IN CREATING AN ENERGY
22 PERFORMANCE CONTRACT UNDER THIS SUBTITLE.

23 (II) FOR EACH FISCAL YEAR, THE GOVERNOR SHALL INCLUDE
24 IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF \$1,500,000 FROM THE
25 STRATEGIC ENERGY INVESTMENT FUND ESTABLISHED UNDER § 9-20B-05 OF THE
26 STATE GOVERNMENT ARTICLE TO THE MARYLAND CLEAN ENERGY CENTER TO
27 HIRE OR CONTRACT WITH NAVIGATORS TO ASSIST PUBLIC BODIES IN CREATING AN
28 ENERGY PERFORMANCE CONTRACT UNDER THIS SUBTITLE.

(I) ALLEGANY COUNTY, FREDERICK COUNTY, GARRETT
COUNTY, AND WASHINGTON COUNTY;

5 (II) CALVERT COUNTY, CHARLES COUNTY, AND ST. MARY'S
6 COUNTY;

10 (IV) ANNE ARUNDEL COUNTY, CARROLL COUNTY, HARFORD
11 COUNTY, AND HOWARD COUNTY;

12 (v) MONTGOMERY COUNTY;

13 (VI) PRINCE GEORGE'S COUNTY;

14 (vii) BALTIMORE COUNTY; AND

15 (VIII) BALTIMORE CITY.

16 (C) AFTER RECEIVING NOTICE UNDER SUBSECTION (A)(2) OF THIS
17 SECTION, A NAVIGATOR SHALL ASSIST A PUBLIC BODY WITH CREATING AN ENERGY
18 PERFORMANCE CONTRACT, INCLUDING:

25 (4) WORKING WITH THE MARYLAND ENERGY ADMINISTRATION TO
26 APPLY FOR GRANTS OR LOANS UNDER THE JANE E. LAWTON CONSERVATION
27 GRANT AND LOAN PROGRAM.

- (a) In this subtitle 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) “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) “Energy cost savings” means the actual reduction in operating expenses resulting from the installation, operation, and maintenance of a project financed under this Program.
- (f) “Fund” means the Jane E. Lawton Conservation Fund.
- (g) **“GRANTEE” MEANS A PUBLIC BODY THAT APPLIES FOR A GRANT UNDER THIS PROGRAM.**
- (h) (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 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.
- (i) **“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.**

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

4 [(j)] (K) “Program” means the Jane E. Lawton Conservation **GRANT AND** Loan
5 Program.

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

9 **(M) “PUBLIC BODY” HAS THE MEANING STATED IN § 17-1001 OF THE STATE**
10 **FINANCE AND PROCUREMENT ARTICLE.**

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

15 (2) “State agency” includes any subunits of State government **OR PUBLIC**
16 **BODY.**

17 9-20A-02.

18 There is a Jane E. Lawton Conservation **GRANT AND** Loan Program in the
19 Administration.

20 9-20A-03.

21 The purpose of the Program is to provide financial assistance in the form of **GRANTS**
22 **TO PUBLIC BODIES AND** low interest and zero interest loans to nonprofit organizations,
23 local jurisdictions, State agencies, and eligible businesses for projects in order to:

24 (1) promote energy conservation;

25 (2) reduce consumption of fossil fuels;

26 (3) improve energy efficiency;

27 (4) enhance energy-related economic development and stability in the
28 nonprofit, commercial, and industrial sectors; and

29 (5) reduce greenhouse gas emissions.

30 9-20A-04.

1 The Administration shall:

2 (1) manage, supervise, and administer the Program;

3 (2) adopt regulations to ensure that **GRANTS AND** loans are provided only
4 to projects that carry out the purpose of the Program;

5 (3) attach **[specific terms]** to any **GRANT OR** loan **SPECIFIC TERMS** that
6 are considered necessary to ensure that the purpose of the Program is fulfilled; **[and]**

7 (4) develop procedures for monitoring projects to assess whether the
8 improvements or modifications made by an eligible entity or business that had received a
9 **GRANT OR** loan under the Program have resulted in a measurable reduction in energy
10 consumption; **AND**

11 **(5) WORK WITH NAVIGATORS IN ACCORDANCE WITH § 17-1002 OF**
12 **THE STATE FINANCE AND PROCUREMENT ARTICLE.**

13 9-20A-05.

14 (a) (1) To receive a **GRANT OR** loan under the Program, a **GRANTEE OR**
15 borrower must file an application with the Administration.

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

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

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

23 (5) If the **GRANTEE OR** borrower is a State agency, the application must
24 be signed by the head of the State agency.

25 **(6) IF THE GRANTEE OR BORROWER IS A STATE HOSPITAL, THE**
26 **APPLICATION MUST BE SIGNED BY THE CHIEF EXECUTIVE OFFICER OR PRESIDENT**
27 **OF THE HOSPITAL.**

28 (b) The application shall contain any information the Administration determines
29 is necessary, including:

30 (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;

5 (4) the amount of cost savings expected to be generated over a defined
6 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 of this subtitle; and

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

12 9-20A-06.

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

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

15 (i) technical assessments;

16 (ii) studies;

17 (iii) surveys;

18 (iv) plans and specifications; and

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

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

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

24 (b) Each borrower shall make a contribution to a project that is of a type and
25 amount acceptable to the Administration.

26 (c) A borrower other than a State agency **OR PUBLIC BODY** must document that
27 the anticipated energy cost savings to the borrower over a defined period according to a
28 methodology acceptable to the Administration after the completion of the project are
29 greater than the total cost of the project to the borrower.

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

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

11 (2) The assurances:

12 (i) shall include a promissory note; and

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

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

17 (G) (1) GRANTS MADE TO PUBLIC BODIES UNDER THE PROGRAM MAY BE
18 USED FOR:

21 1. TECHNICAL ASSESSMENTS:

22 **2 STUDIES:**

23 **3 SURVEYS:**

24 1 PLANS AND SPECIFICATIONS: AND

15 9-20A-07.

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

17 (b) The Administration shall administer the Fund.

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

20 (2) The State Treasurer shall hold the Fund and the Comptroller shall
21 account for the Fund.

22 (d) The Fund consists of:

23 (1) money appropriated in the State budget to the Program;

24 (2) money received from any public or private source;

25 (3) interest and investment earnings on the Fund; and

26 (4) repayments and prepayments of principal and interest on loans made
27 from the Fund.

28 (e) The Fund may be used only:

29 (1) to pay the expenses of the Program;

3 (3) to enhance the credit of a financing offered by eligible banks and other
4 financial institutions for projects.

5 (f) (1) The State Treasurer shall invest and reinvest the money of the Fund in
6 the same manner as other State money may be invested.

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

10 (g) (1) The Administration shall annually reserve for at least 90 days a portion
11 of the money from the Fund that is available for financial assistance under the Program for
12 **GRANTS TO PUBLIC BODIES AND** loans to nonprofit organizations.

18 9-20B-05.

19 (a) There is a Maryland Strategic Energy Investment Fund.

20 (f) The Administration shall use the Fund:

21 (13) notwithstanding subsection (g) of this section, to pay costs associated
22 with the Air and Radiation Administration within the Department of the Environment;
23 [and]

27 [14] (15) to pay the expenses of the Program.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
29 1, 2026.