

# SENATE BILL 1016

Q1, L6

3lr3269  
CF 3lr3206

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By: ~~Senator Frosh~~ Senators Frosh, Astle, Garagiola, Glassman, Kelley, Kittleman, Klausmeier, Mathias, Middleton, Ramirez, and Pugh

Introduced and read first time: February 22, 2013

Assigned to: Rules

Re-referred to: Finance, March 4, 2013

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Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 31, 2013

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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  
6 the 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 through a surcharge on a  
9 property owner's property tax bill; providing that an unpaid surcharge  
10 constitutes a lien against the property on which it is imposed under certain  
11 circumstances; providing that certain provisions of law that apply to a tax lien  
12 also apply to a certain lien created under this Act; defining a certain term;  
13 providing for the effective date of this Act; and generally relating to the  
14 collection of commercial loan payments owed to private lenders under local  
15 Clean Energy Loan Programs.

16 BY repealing and reenacting, without amendments,  
17 Article – Local Government  
18 Section 1-1102 and 1-1104  
19 Annotated Code of Maryland  
20 (As enacted by Chapter \_\_\_ (H.B. 472) of the Acts of the General Assembly of  
21 2013)

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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 BY repealing and reenacting, with amendments,  
 2 Article – Local Government  
 3 Section ~~1-1103~~ 1-1101, 1-1103, and 1-1105  
 4 Annotated Code of Maryland  
 5 (As enacted by Chapter \_\_\_ (H.B. 472) of the Acts of the General Assembly of  
 6 2013)

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

9 **Article – Local Government**

10 1-1101.

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

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

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

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

17 **~~(H)~~ (1) NOT DESIGNED PRINCIPALLY OR INTENDED FOR HUMAN**  
 18 **HABITATION; OR**

19 **~~(H)~~ (2) USED FOR HUMAN HABITATION AND IS IMPROVED BY MORE**  
 20 **THAN FOUR SINGLE FAMILY DWELLING UNITS.**

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

23 1-1102.

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

26 1-1103.

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

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

30 (2) commercial property owners to finance:

1 (i) energy efficiency projects; and

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

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

6 1–1104.

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

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

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

13 (ii) property and property owners; and

14 (2) loan terms and conditions.

15 (b) Eligibility requirements under subsection (a) of this section shall include  
16 a requirement that the county or municipality give due regard to the property owner's  
17 ability to repay a loan provided under the program, in a manner substantially similar  
18 to that required for a mortgage loan under §§ 12–127, 12–311, 12–409.1,  
19 12–925, and 12–1029 of the Commercial Law Article.

20 1–1105.

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

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

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

28 (2) administering the program.

1           **(C) WITH THE CONSENT OF ANY HOLDER OF A MORTGAGE OR DEED OF**  
2 **TRUST ON A COMMERCIAL PROPERTY THAT IS TO BE IMPROVED THROUGH A**  
3 **LOAN TO THE COMMERCIAL PROPERTY OWNER UNDER THE PROGRAM:**

4           **(1) A COUNTY OR MUNICIPALITY MAY COLLECT LOAN PAYMENTS**  
5 **OWED TO A PRIVATE LENDER OR TO THE COUNTY OR THE MUNICIPALITY FOR A**  
6 **LOAN TO A COMMERCIAL PROPERTY OWNER THROUGH A SURCHARGE ON THE**  
7 **PROPERTY OWNER’S PROPERTY TAX BILL;**

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

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

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

16           **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**  
17 **October 1, 2013.**

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.