

SENATE BILL 319

L6, M3

(PRE-FILED)

11r0795
CF 11r1901

By: **Senators Hester and Elfreth**

Requested: September 30, 2020

Introduced and read first time: January 13, 2021

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

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 projects
7 to the list of items that require eligibility requirements under a certain ordinance;
8 clarifying that certain loan terms and conditions required under a certain ordinance
9 include a certain provision; altering the circumstances under which, with the express
10 consent of any holder of a mortgage or deed of trust on a certain property, a county
11 or municipality may collect certain loan payments in a certain manner, a certain
12 unpaid surcharge constitutes a lien, and certain provisions of law apply to a tax lien
13 under certain circumstances; making stylistic changes; defining certain terms; and
14 generally relating to a clean energy loan program.

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

20 BY repealing and reenacting, without amendments,
21 Article – Local Government
22 Section 1–1102
23 Annotated Code of Maryland
24 (2013 Volume and 2020 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Local Government**

2 1–1101.

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

4 (b) “Bond” means a bond, note, or other similar instrument that a county or
5 municipality issues under this subtitle.6 (c) “Chief executive” means the president, chair, mayor, county executive, or any
7 other chief executive officer of a county or municipality.

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

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

10 (2) used for human habitation and is improved by more than four single
11 family dwelling units.12 **(E) (1) “ENVIRONMENTAL REMEDIATION PROJECT” MEANS A PROJECT**
13 **THAT IS INTENDED TO REMOVE ENVIRONMENTAL OR HEALTH HAZARDS.**14 **(2) “ENVIRONMENTAL REMEDIATION PROJECT” INCLUDES:**15 **(I) A PROJECT THAT PROMOTES INDOOR AIR AND WATER**
16 **QUALITY;**17 **(II) ASBESTOS REMEDIATION;**18 **(III) LEAD PAINT REMOVAL; AND**19 **(IV) MOLD REMEDIATION.**20 **[(e)] (F) “Program” means a clean energy loan program established under this**
21 **subtitle.**22 **(G) (1) “RESILIENCY PROJECT” MEANS A PROJECT THAT IS INTENDED TO**
23 **INCREASE THE CAPACITY OF A PROPERTY TO WITHSTAND NATURAL DISASTERS AND**
24 **THE EFFECTS OF CLIMATE CHANGE.**25 **(2) “RESILIENCY PROJECT” INCLUDES:**26 **(I) A FLOOD MITIGATION PROJECT;**27 **(II) A STORMWATER MANAGEMENT PROJECT;**

- 1 **(III) A PROJECT TO INCREASE FIRE OR WIND RESISTANCE;**
 2 **(IV) A PROJECT TO INCREASE THE CAPACITY OF A NATURAL**
 3 **SYSTEM;**
 4 **(V) AN INUNDATION ADAPTATION PROJECT;**
 5 **(VI) ALTERNATIVE VEHICLE CHARGING INFRASTRUCTURE; AND**
 6 **(VII) ENERGY STORAGE.**

7 1–1102.

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

10 1–1103.

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

12 (1)] residential property owners, including low income residential property
 13 owners, **AND COMMERCIAL PROPERTY OWNERS** to finance [energy efficiency and
 14 renewable energy projects; and

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

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

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

18 [(ii)] (3) renewable energy projects; **AND**

19 (4) **RESILIENCY PROJECTS.**

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

22 1–1104.

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

25 (1) eligibility requirements for participation in the program, including
 26 eligibility requirements for:

1 (i) energy **AND WATER** efficiency [improvements and] **PROJECTS**,
2 renewable energy devices, **ENVIRONMENTAL REMEDIATION PROJECTS**, AND
3 **RESILIENCY PROJECTS**; and

4 (ii) property and property owners; and

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

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

13 1–1105.

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

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

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

21 (2) administering the program.

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

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

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

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

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

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