



House Bill 387

Clean Energy Loan Program – Residential Property – Repayment of Loans Through Surcharge

MACo Position: **SUPPORT**

Date: February 4, 2016

To: Economic Matters Committee

From: Andrea E. Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** HB 387. This bill would authorize local governments to collect loan payments from a homeowner for the financing of energy efficiency and renewable energy projects through a surcharge on the homeowner's property tax.

Legislation passed in 2009 to authorize local jurisdictions to enact ordinances to establish clean energy loan programs. To date, only two jurisdictions have enacted ordinances to establish programs and only one has an active program in place for commercial lending. HB 387 is designed to provide an incentive to local jurisdictions to enact residential clean energy loan programs.

On the commercial lending side of the program, a county may collect loan payments through a surcharge on the property owner's property tax bill. This unpaid surcharge is considered a lien on the real property on which it is imposed and is given first priority for repayment in the same manner as the local property tax. This bill extends these same requirements to the residential side of the program.

MACo believes extending these same protections on the residential side of the program will incentivize local governments to participate in these programs and create a significant opportunity for local governments to help residents reduce carbon emissions and improve the environment.

MACo is aware of concerns being raised with the financing of residential loans for clean energy projects and how these may be viewed by lenders, but would urge the Committee to give HB 387 a **FAVORABLE** report to put the structure in place for local governments to establish residential clean energy loan programs and then work through the financing details during implementation.