



House Bill 387

Clean Energy Loan Program – Residential Property – Study

MACo Position: **SUPPORT**

To: Finance Committee

Date: March 29, 2016

From: Andrea E. Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** HB 387. As amended, the bill requires the Maryland Clean Energy Center to conduct a study to determine optimal design and implementation strategies for a residential clean energy loan program in the state. Given concerns raised during the bill hearing and work sessions on the bill as introduced, a study of residential clean energy loan programs is appropriate to protect governmental and consumer interests.

HB 1567 (Chapter 743) of 2009 authorized 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. As introduced, HB 387 was designed to provide an incentive to local jurisdictions to enact residential clean energy loan programs by extending the same requirements and protections associated with commercial programs to the residential side of the program. 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 and the 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.

During the hearing and work sessions on HB 387, multiple concerns were raised with the requirements in the bill, including the financing of residential loans for clean energy projects and how these may be viewed by lenders and clean energy loan providers. To address these concerns, HB 387 was amended to require a study of residential clean energy loan programs that will bring interested parties together to work through these issues and design a program that is workable for all parties involved.

MACo believes a study of residential clean energy loan programs is appropriate to protect governmental and consumer interests. For this reason, MACo **SUPPORTS** HB 387 as amended and urges the Committee to give it a **FAVORABLE** report.