



Senate Bill 912

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

MACo Position: **SUPPORT**

To: Finance Committee

Date: March 17, 2016

From: Andrea E. Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** SB 912. As introduced, 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. Sponsor amendments will alter the bill to require 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.

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. SB 912 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 encourage local governments to establish these programs. However, concerns have been raised with the financing of residential loans for clean energy projects and how these may be viewed by lenders and clean energy loan providers. Amending the bill to require a study of residential clean energy loan programs will bring interested parties together to work through these issues and design a program that is workable for all parties involved.

For this reason, MACo **SUPPORTS** SB 912, and concurs with the amendments offered by the sponsor.