

# SENATE BILL 186

Q1, L6  
SB 1016/13 – FIN

4r1197  
CF 4r1198

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By: **Senators Feldman, Astle, Glassman, Kelley, Kittleman, Klausmeier,  
Mathias, Middleton, Pugh, and Ramirez**

Introduced and read first time: January 15, 2014

Assigned to: Finance

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## A BILL ENTITLED

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 the  
6 consent of any holder of a mortgage or deed of trust on the property, a county or  
7 municipality may collect loan payments owed on a commercial loan to a private  
8 lender or to a county or municipality through a surcharge on a property owner's  
9 property tax bill; providing that an unpaid surcharge constitutes a lien against  
10 the property on which it is imposed under certain circumstances; providing that  
11 certain provisions of law that apply to a tax lien also apply to a certain lien  
12 created under this Act; defining a certain term; and generally relating to the  
13 collection of commercial loan payments owed to private lenders under local  
14 clean energy loan programs.

15 BY repealing and reenacting, without amendments,  
16 Article – Local Government  
17 Section 1–1102 and 1–1104  
18 Annotated Code of Maryland  
19 (2013 Volume)

20 BY repealing and reenacting, with amendments,  
21 Article – Local Government  
22 Section 1–1101, 1–1103, and 1–1105  
23 Annotated Code of Maryland  
24 (2013 Volume)

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

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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  
7 any 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**  
10 **HABITATION; OR**11 **(2) USED FOR HUMAN HABITATION AND IS IMPROVED BY MORE**  
12 **THAN FOUR SINGLE FAMILY DWELLING UNITS.**13 **[(d)] (E)** “Program” means a clean energy loan program established under  
14 this subtitle.

15 1–1102.

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

18 1–1103.

19 **(A)** The purpose of a program is to provide loans to:20 (1) residential property owners, including low income residential  
21 property owners, to finance energy efficiency and renewable energy projects; and

22 (2) commercial property owners to finance:

23 (i) energy efficiency projects; and

24 (ii) renewable energy projects with an electric generating  
25 capacity of not more than 100 kilowatts.26 **(B) A PRIVATE LENDER MAY PROVIDE CAPITAL FOR A LOAN PROVIDED**  
27 **TO A COMMERCIAL PROPERTY OWNER UNDER THE PROGRAM.**

28 1–1104.

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

3 (1) eligibility requirements for participation in the program, including  
4 eligibility requirements for:

5 (i) energy efficiency improvements and renewable energy  
6 devices; and

7 (ii) property and property owners; and

8 (2) loan terms and conditions.

9 (b) Eligibility requirements under subsection (a) of this section shall include  
10 a requirement that the county or municipality give due regard to the property owner's  
11 ability to repay a loan provided under the program, in a manner substantially similar  
12 to that required for a mortgage loan under §§ 12–127, 12–311, 12–409.1,  
13 12–925, and 12–1029 of the Commercial Law Article.

14 1–1105.

15 (a) **[A] SUBJECT TO SUBSECTION (C) OF THIS SECTION**, A program shall  
16 require a property owner to repay a loan provided under the program through a  
17 surcharge on the owner's property tax bill.

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

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

22 (2) administering the program.

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

26 **(1) A COUNTY OR MUNICIPALITY MAY COLLECT LOAN PAYMENTS**  
27 **OWED TO A PRIVATE LENDER OR TO THE COUNTY OR THE MUNICIPALITY FOR A**  
28 **LOAN TO A COMMERCIAL PROPERTY OWNER THROUGH A SURCHARGE ON THE**  
29 **PROPERTY OWNER'S PROPERTY TAX BILL;**

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

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

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

6                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 October 1, 2014.