

Introduced 1/4/16
Public Hearing 1/19/16
Council Action 2/1/16
Executive Action 2/10/16
Effective Date 4/1/16

County Council Of Howard County, Maryland

2016 Legislative Session

Legislative Day No. 1

Bill No. 4 -2016

Introduced by: The Chairperson at the request of the County Executive

AN ACT for the purpose of defining certain terms; establishing a Clean Energy Loan Program for commercial property owners; establishing the scope of and eligibility for the Clean Energy Loan Program; providing for qualifying criteria; establishing a calculation of the clean energy loan surcharge; providing for a recorded agreement and certain notices; providing for the collection of loan payments; establishing default procedures; providing for financing of a loan under the Program; providing for the application of this Ordinance; and generally related to the Clean Energy Loan Program and real property taxes.

Introduced and read first time January 4, 2016. Ordered posted and hearing scheduled.

By order Jessica Feldmark
Jessica Feldmark, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on January 19, 2016.

By order Jessica Feldmark
Jessica Feldmark, Administrator

This Bill was read the third time on February 1, 2016 and Passed , Passed with amendments _____, Failed _____.

By order Jessica Feldmark
Jessica Feldmark, Administrator

Sealed with the County Seal and presented to the County Executive for approval this 7th day of February 2016 at 2 a.m./p.m.

By order Jessica Feldmark
Jessica Feldmark, Administrator

Approved Vetoed by the County Executive February 10, 2016

Allan H. Kittleman
Allan H. Kittleman, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; ~~Strike-out~~ indicates material deleted by amendment; Underlining indicates material added by amendment

1 *Section 1. Be It Enacted by the County Council of Howard County, Maryland that the Howard*
2 *County Code is amended as follows:*

3
4 *By adding Title 20 "Taxes, Charges, and Fees"*
5 *Subtitle 12 "Clean Energy Loan Program"*

6
7 **Title 20. Taxes, Charges, and Fees.**

8 **SUBTITLE 12. CLEAN ENERGY LOAN PROGRAM.**

9
10 **20.1200. DEFINITIONS.**

11 IN THIS SUBTITLE, THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED:

12 (A) "*CLEAN ENERGY FINANCING AGREEMENT*" MEANS AN AGREEMENT BETWEEN A PROPERTY
13 OWNER AND A CLEAN ENERGY LENDER PROVIDING FOR THE TERMS AND CONDITIONS OF A CLEAN
14 ENERGY LOAN.

15 (B) "*CLEAN ENERGY LENDER*" MEANS A PRIVATE LENDER PROVIDING A CLEAN ENERGY LOAN.

16 (C) "*CLEAN ENERGY LOAN*" MEANS ANY LOAN MADE BY A PRIVATE LENDER TO A PROPERTY OWNER
17 UNDER THE CLEAN ENERGY LOAN PROGRAM.

18 (D) "*CLEAN ENERGY LOAN PROGRAM ADMINISTRATOR*" MEANS ANY PERSON OR ENTITY SELECTED BY
19 THE COUNTY TO MANAGE THE CLEAN ENERGY LOAN PROGRAM.

20 (E) "*CLEAN ENERGY LOAN OBLIGATION*" MEANS ALL INDEBTEDNESS AND OBLIGATIONS OF A
21 PROPERTY OWNER TO A CLEAN ENERGY LENDER UNDER A CLEAN ENERGY FINANCING
22 AGREEMENT.

23 (F) "*COMMERCIAL PROPERTY*" HAS THE MEANING STATED IN THE LOCAL GOVERNMENT ARTICLE,
24 SECTION 1-1101, OF THE ANNOTATED CODE OF MARYLAND.

25 (G) "*DEPARTMENT*" MEANS THE DEPARTMENT OF FINANCE.

26 (H) "*PROPERTY OWNER*" MEANS AN OWNER OF COMMERCIAL PROPERTY.

27 (I) "*PERSON*" INCLUDES AN INDIVIDUAL, RECEIVER, TRUSTEE, GUARDIAN, EXECUTOR,
28 ADMINISTRATOR, FIDUCIARY, OR REPRESENTATIVE OF ANY KIND, OR ANY PARTNERSHIP, FIRM,
29 ASSOCIATION, PUBLIC OR PRIVATE CORPORATION, LIMITED LIABILITY COMPANY, NONPROFIT
30 ENTITY, OR ANY OTHER ENTITY.

1 **SECTION 20.1201. PROGRAM ESTABLISHED; ADMINISTRATION.**

2 (A) *ESTABLISHED.* THERE IS A CLEAN ENERGY LOAN PROGRAM TO FINANCE ENERGY EFFICIENCY
3 PROJECTS AND RENEWABLE ENERGY PROJECTS IN ACCORDANCE WITH SECTION 1-1101, *ET SEQ.* OF
4 THE LOCAL GOVERNMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND.

5 (B) *RULES AND REGULATIONS.* THE DEPARTMENT MAY ADOPT RULES AND REGULATIONS TO
6 ADMINISTER THE PROGRAM CONSISTENT WITH THIS SUBTITLE.

7 (C) *PROGRAM ADMINISTRATOR.* THE COUNTY EXECUTIVE MAY ENTER INTO AN AGREEMENT WITH A
8 PRIVATE ENTITY TO ADMINISTER THE PROGRAM.

9

10 **SECTION 20.1202. SCOPE AND ELIGIBILITY.**

11 (A) *SCOPE.* COMMERCIAL PROPERTY OWNERS ARE ELIGIBLE TO PARTICIPATE IN THE PROGRAM FOR
12 NONACCELERATING LOANS GREATER THAN \$15,000 FOR A TERM OF UP TO 20 YEARS.

13 (B) *ELIGIBILITY.* IN ORDER TO BE ELIGIBLE FOR A CLEAN ENERGY LOAN, THE PROPERTY OWNER
14 SHALL:

- 15 (1) HAVE A 100% OWNERSHIP INTEREST IN THE PROPERTY LOCATED IN HOWARD
16 COUNTY FOR WHICH IMPROVEMENTS ARE PROPOSED;
- 17 (2) OBTAIN AN ENERGY AUDIT APPROVED UNDER PROGRAM GUIDELINES
18 DEMONSTRATING THAT THE ENERGY SAVINGS PROJECTED TO BE OBTAINED FROM
19 THE IMPROVEMENTS OVER THE LIFE OF THE LOAN EQUAL OR EXCEED THE PRINCIPAL
20 AND AGGREGATE INTEREST TO BE PAID OVER THE TERM OF THE LOAN;
- 21 (3) DEMONSTRATE THAT THE MOST RECENT PROPERTY TAX BILL HAS BEEN PAID FOR
22 THE PROPERTY;
- 23 (4) PROVIDE A COPY OF WRITTEN NOTICE TO ALL CURRENT HOLDERS OF A MORTGAGE
24 OR DEED OF TRUST WHO HAVE A PRIORITY RECORDED LIEN ON THE PROPERTY AND
25 WRITTEN PROOF OF EXPRESS CONSENT TO THE LOAN AS A PRIORITY LIEN BY ALL
26 CURRENT HOLDERS OF A MORTGAGE OR DEED OF TRUST ON THE PROPERTY; AND
- 27 (5) ESTABLISH THAT THE PROPERTY OWNER IS ABLE TO REPAY THE LOAN BASED ON
28 CRITERIA AND METHODS SET FORTH IN SECTIONS 12-409.1 AND 12-925 OF THE
29 COMMERCIAL LAW ARTICLE OF THE ANNOTATED CODE OF MARYLAND AND ANY
30 CRITERIA AND METHODS REQUIRED BY THE CLEAN ENERGY LENDER.

31

1 **SECTION 20.1203. QUALIFYING IMPROVEMENTS AND COSTS.**

2 (A) *QUALIFYING IMPROVEMENTS.* THE FOLLOWING IMPROVEMENTS, EITHER NEW OR REPLACEMENT,
3 QUALIFY AS ENERGY EFFICIENCY PROJECTS OR RENEWABLE ENERGY PROJECTS UNDER THE CLEAN
4 ENERGY LOAN PROGRAM:

- 5 (1) SOLAR ENERGY EQUIPMENT;
- 6 (2) GEOTHERMAL ENERGY DEVICES;
- 7 (3) WIND ENERGY SYSTEMS;
- 8 (4) WATER CONSERVATION DEVICES NOT REQUIRED BY LAW;
- 9 (5) ANY CONSTRUCTION, RENOVATION, OR RETROFITTING OF COMMERCIAL PROPERTY
10 TO REDUCE ENERGY CONSUMPTION, INCLUDING, HIGH EFFICIENCY LIGHTING AND
11 BUILDING SYSTEMS, HEATING VENTILATION AIR CONDITIONING (HVAC) UPGRADES,
12 HIGH EFFICIENCY BOILERS AND FURNACES, HIGH EFFICIENCY HOT WATER HEATING
13 SYSTEMS, COMBUSTION AND BURNER UPGRADES, FUEL SWITCHING, HEAT
14 RECOVERY AND STEAM TRAPS, BUILDING SHELL OR ENVELOPE IMPROVEMENTS,
15 FENESTRATION IMPROVEMENTS, BUILDING ENERGY MANAGEMENT SYSTEMS, AND
16 PROCESS EQUIPMENT UPGRADES; AND
- 17 (6) ANY OTHER IMPROVEMENT APPROVED BY THE COUNTY AS QUALIFYING AS AN
18 ENERGY EFFICIENCY PROJECT OR RENEWABLE ENERGY PROJECT.

19 (B) *QUALIFYING COSTS.* A CLEAN ENERGY LOAN MAY BE USED TO PAY FOR ALL COSTS INCURRED
20 BY A PROPERTY OWNER FOR THE FOLLOWING COSTS IN CONNECTION WITH THE QUALIFYING
21 IMPROVEMENTS:

- 22 (1) THE COST OF THE ENERGY AUDIT;
- 23 (2) FEASIBILITY STUDIES AND REPORTS;
- 24 (3) THE DESIGN, INSTALLATION, AND CONSTRUCTION OF THE QUALIFYING
25 IMPROVEMENTS;
- 26 (4) COMMISSIONING;
- 27 (5) ENERGY SAVINGS OR PERFORMANCE GUARANTY OR INSURANCE; AND
- 28 (6) CLOSING COSTS OF THE LOAN.

29
30 **SECTION 20.1204. REAL PROPERTY TAX SURCHARGE.**

31 (A) *REPAYMENT OF LOANS.* A PROPERTY OWNER PARTICIPATING IN THE CLEAN ENERGY LOAN

1 PROGRAM SHALL REPAY THE LOAN THROUGH A SURCHARGE ON THE OWNER'S REAL PROPERTY TAX
2 BILL. UPON RECEIPT OF WRITTEN NOTICE FROM THE CLEAN ENERGY LOAN PROGRAM
3 ADMINISTRATOR OF THE EXECUTION OF A CLEAN ENERGY LOAN FINANCING AGREEMENT, THE
4 COUNTY SHALL, ADD THE SURCHARGE TO THE TAX PROPERTY BILL ON JULY 1 OF THE YEAR
5 IMMEDIATELY FOLLOWING THE EXECUTION OF THE AGREEMENT. THE SURCHARGE SHALL
6 CONSTITUTE A FIRST LIEN ON THE PROPERTY FROM THE DATE IT BECOMES PAYABLE UNTIL THE
7 UNPAID SURCHARGE AND INTEREST AND PENALTIES ON THE SURCHARGE ARE PAID IN FULL,
8 REGARDLESS OF A CHANGE IN OWNERSHIP, WHETHER VOLUNTARY OR INVOLUNTARY. A PERSON
9 THAT ACQUIRES PROPERTY SUBJECT TO A SURCHARGE ASSUMES THE OBLIGATION TO PAY THE
10 SURCHARGE.

11 (B) *CALCULATION*. THE SURCHARGE FOR A CLEAN ENERGY LOAN SHALL INCLUDE THE CLEAN
12 ENERGY LOAN OBLIGATION AND ANY ADMINISTRATIVE COSTS INCURRED BY THE COUNTY. THE
13 INCLUDED ADMINISTRATIVE COSTS SHALL BE THE ACTUAL EXPENSES INCURRED TO ADMINISTER
14 THE PROGRAM.

15 (C) *AGREEMENT*. THE PROPERTY OWNER SHALL EXECUTE AN AGREEMENT WITH THE COUNTY AND
16 THE CLEAN ENERGY LENDER THAT WILL BE RECORDED IN THE LAND RECORDS OF HOWARD
17 COUNTY, AT THE EXPENSE OF THE OWNER, AND WHICH SHALL INCLUDE:

- 18 (1) THE DATE THE CLEAN ENERGY LOAN WAS MADE TO THE PROPERTY OWNER AND
19 THE PROPERTY BECAME SUBJECT TO THE SURCHARGE;
- 20 (2) THE TERM OF THE CLEAN ENERGY LOAN AND THE SURCHARGE;
- 21 (3) THE AMOUNT OF THE CLEAN ENERGY LOAN OBLIGATION AND ESTIMATED COUNTY
22 ADMINISTRATIVE COSTS FOR THE FIRST YEAR;
- 23 (4) THE ANNUAL PRINCIPAL AND INTEREST AMOUNT FOR EACH YEAR OF THE TERM OF
24 THE LOAN, INCLUDING ANY PARTIAL YEAR PRORATED AMOUNTS;
- 25 (5) THE PREPAYMENT REQUIREMENTS AND ANY PREPAYMENT PREMIUM THAT MAY
26 APPLY, IF THE LOAN IS A PREPAYABLE CLEAN ENERGY LOAN;
- 27 (6) AGREEMENT BY THE PROPERTY OWNER TO REPAY ALL CLEAN ENERGY LOAN
28 OBLIGATIONS AND THE COUNTY'S ADMINISTRATIVE COSTS THROUGH A SURCHARGE
29 INCLUDED ON THE OWNER'S REAL PROPERTY TAX BILL DUE AND PAYABLE ON THE
30 SAME DATE AS THE REAL PROPERTY TAX BILL;
- 31 (7) ACKNOWLEDGEMENT BY THE PROPERTY OWNER THAT AN UNPAID CLEAN ENERGY

1 LOAN SURCHARGE CONSTITUTES A FIRST LIEN ON THE PROPERTY THAT HAS
2 PRIORITY OVER PRIOR OR SUBSEQUENT LIENS IN FAVOR OF PRIVATE PARTIES, AND
3 THAT THE SURCHARGE WILL CONTINUE AS A LIEN ON THE PROPERTY FROM THE
4 DATE IT BECOMES PAYABLE UNTIL THE UNPAID SURCHARGE AND INTEREST AND
5 PENALTIES ON THE SURCHARGE ARE PAID IN FULL, REGARDLESS OF A CHANGE IN
6 OWNERSHIP OF THE PROPERTY, WHETHER VOLUNTARY OR INVOLUNTARY;

7 (8) ACKNOWLEDGEMENT BY THE PROPERTY OWNER AND THE LENDER THAT THE
8 COUNTY HAS NO LIABILITY FOR THE CLEAN ENERGY LOAN OBLIGATION OR ANY
9 COSTS ASSOCIATED WITH THE COLLECTION OF AMOUNTS DUE UNDER THE CLEAN
10 ENERGY FINANCING AGREEMENT; AND

11 (9) ACKNOWLEDGEMENT BY THE PROPERTY OWNER THAT AN OVERDUE SURCHARGE
12 SHALL BE COLLECTED PURSUANT TO TITLE 14, SUBTITLE 8 OF THE TAX-PROPERTY
13 ARTICLE OF THE ANNOTATED CODE OF MARYLAND AND SECTION 20.140 OF THIS
14 CODE.

15 (D) *DEFAULT*. IF A PROPERTY OWNER DEFAULTS ON THE CLEAN ENERGY LOAN SURCHARGE, THE
16 LIEN WILL BE COLLECTED PURSUANT TO TITLE 14, SUBTITLE 8 OF THE TAX-PROPERTY ARTICLE OF
17 THE ANNOTATED CODE OF MARYLAND AND SECTION 20.140 OF THIS CODE, IRRESPECTIVE OF
18 WHETHER PROPERTY TAXES (OR ANY OTHER TAXES, CHARGES OR ASSESSMENTS) ARE DUE AND
19 OWING.

20 (E) *CREDIT OF PAYMENTS*. PAYMENTS RECEIVED FROM A PROPERTY OWNER SHALL BE CREDITED
21 FIRST TO ALL COUNTY TAXES, ASSESSMENTS, AND CHARGES.

22 (F) *COUNTY TO FORWARD SURCHARGES COLLECTED*. THE COUNTY SHALL FORWARD THE
23 SURCHARGES TO THE CLEAN ENERGY LENDERS OR THE PROGRAM ADMINISTRATOR WITHIN 30
24 DAYS OF RECEIPT.

25 (G) *COUNTY LIABILITY*. EXCEPT FOR THE OBLIGATION TO FORWARD SURCHARGES UNDER
26 SUBSECTION (F) OF THIS SECTION, THE COUNTY DOES NOT INCUR ANY LIABILITY BY PARTICIPATING
27 IN THE CLEAN ENERGY LOAN PROGRAM AND THE COUNTY SHALL NOT INCUR ANY LIABILITY TO
28 THE CLEAN ENERGY LENDER OR OTHERS IN THE EVENT OF DEFAULT.

29
30 **SECTION 20.1205. FINANCING.**

31 (A) *PRIVATE LENDERS; TERMS*. ANY PRIVATE LENDER MAY PROVIDE A CLEAN ENERGY LOAN, AND

1 THE CLEAN ENERGY FINANCING AGREEMENT THAT EVIDENCES THE LOAN MAY INCLUDE ANY
2 TERMS AND CONDITIONS PERMITTED BY LAW.

3 (B) *COUNTY ROLE.* THE COUNTY'S ROLE IN THE CLEAN ENERGY LOAN PROGRAM IS LIMITED TO
4 SPONSORING THE PROGRAM AND COLLECTING AND FORWARDING THE SURCHARGES IMPOSED
5 UNDER THE PROGRAM. THE COUNTY MAY NOT PROVIDE CLEAN ENERGY LOANS OR OTHER
6 FINANCING IN CONNECTION WITH THE PROGRAM.

7

8 ***Section 2. And Be It Further Enacted by the County Council of Howard County, Maryland that***
9 ***this Act shall apply to any commercial property for which a Clean Energy Loan was financed on***
10 ***or after July 1, 2016.***

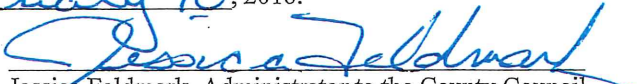
11

12 ***Section 3. And Be It Further Enacted by the County Council of Howard County, Maryland that***
13 ***this Act shall become effective 61 days after its enactment.***

BY THE COUNCIL

This Bill, having been approved by the Executive and returned to the Council, stands enacted on

February 10, 2016.


Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, having been passed by the yeas and nays of two-thirds of the members of the Council notwithstanding the objections of the Executive, stands enacted on _____, 2016.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, having received neither the approval nor the disapproval of the Executive within ten days of its presentation, stands enacted on _____, 2016.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, not having been considered on final reading within the time required by Charter, stands failed for want of consideration on _____, 2016.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, having been disapproved by the Executive and having failed on passage upon consideration by the Council stands failed on _____, 2016.

Jessica Feldmark, Administrator to the County Council

BY THE COUNCIL

This Bill, the withdrawal of which received a vote of two-thirds (2/3) of the members of the Council, is withdrawn from further consideration on _____, 2016.

Jessica Feldmark, Administrator to the County Council

CB4-2016

PACE information

Sager, Jennifer

Sent: Friday, January 29, 2016 10:50 AM
To: Ball, Calvin B; Sigaty, Mary Kay; Terrasa, Jen; Fox, Greg; Weinstein, Jon
Cc: Feldmark, Jessica; Meyers, Jeff; Glendenning, Craig; Miller, Laura AT
Importance: High
Attachments: Copy of Copy of County ta~1.xlsx (10 KB) ; PACE requested further ana~1.doc (56 KB)

FILE COPY

At the public hearing you asked for a comparison of the PACE program across jurisdictions. Attached are 2 comparison documents that compare Howard County to Anne Arundel and Montgomery.

Below is a brief explanation of the excel spreadsheet as provided by Casey Bell from PACE Servicing:

"The material differences are:

LiTV, Lien to Value Ratio: This is the maximum ratio of the value of the surcharge to the value of the property. Montgomery County has restricted theirs in their ordinance. MD-PACE recommends no restrictions. We believe that lenders that choose to participate in this market will adopt their own underwriting standards to manage risk appropriately. The lender consent requirement for existing mortgage holders will also ensure that approved PACE financing is only extended for reasonable LiTV ratios.

CLTV, Combined Loan to Value Ratio: This is the maximum ratio of the value of the surcharge + existing mortgages and obligations to the value of the property. Traditional lenders will typically lend at 80% CLTV to owners with a high credit rating. Montgomery County set a 90% CLTV, recognizing that PACE is secured by the property. Again, MD-PACE believes lenders are capable of managing their risks appropriately, and will be held accountable by existing mortgage holders.

SIR>1, Savings to Investment Ratio: A savings to investment ratio ensures that energy savings exceed the value of the PACE surcharge, and that projects are cash flow positive from day 1. Some counties believe this is important. Montgomery County believes that there is also virtue in extending PACE to projects that will increase the value of the building and have environmental benefits, but may require the owner to bear some of the cost. A prime example, would be water efficiency or water conservation systems. Another example would be an equipment replacement that would improve efficiency, but not quite meet the SIR requirement.

Audit requirements: MD-PACE recommends the requirement of third-party review (with the exception of projects obtaining ASHRAE Level III audits), not by ordinance but within the program guidelines. It is a best practice to ensure that the cash flows will pan out as expected. Anne Arundel and Howard's current ordinance require audits. Montgomery County does not.

Let me know if you need further information.

Thanks,
Jen

	Howard	Montgomery (Ch. 18, Article 5, Sec. 18A-33)	Anne Arundel (Section 4-2-401)
Energy Audit Requirement	Yes	No	Yes
Rationale	Adds validity to program; Montgomery County does not require that projects be cost-effective which may be why they opted out of audit requirement.		
Allows leasehold interests to qualify	No	Yes (long-term leases of 8 years or more)	No
Rationale	Finance and law recommend restricting the program to property owners. Otherwise, penalties could be imposed on landlord for actions of a tenant.		
Scopes	Essentially all- inclusive (based on lender acceptance) in terms of energy and water conservation; and renewable energy.	Essentially all-inclusive: see improvement definition #'s 10 and 11 ("a measure that reduces usage of water...." and "any other installation or modification".	Essentially all-inclusive
Rationale	Advancements in technology may arise that would be beneficial so it would not be advised to be restrictive in scope.		
Renewable Energy Limit	No	No	Yes (100 kW)
Rationale	The current state law has a 100 kW limit but there is an active lobbying effort to change that; by not including an upper limit, the County maintains the flexibility to consider larger projects if it is increased.		
Are Commissioning costs covered?	Yes	Unsure	No

	Howard	Montgomery (Ch. 18, Article 5, Sec. 18A-33)	Anne Arundel (Section 4-2-401)
Rationale	Key aspect of implementation, so should therefore be able to be included in the loan.		
Are Feasibility Study costs covered?	Yes	Yes	No
Rationale	Key aspect of the determination of project potential so should therefore be able to be included in the loan.		
Method of Assignment	Recorded Agreement	Unclear	Recorded Agreement
Rationale	Greater protection for the County.		
Term and Loan Amount	Min \$15,000 with 20 year term	Min \$5,000 with no term limit. No more than 20% of the full cash value of the qualified property, as determined by SDAT.	Min \$25,000 with 20 year term
Rationale	\$25k was recommended, but would ideally like to be able to include more small businesses.		

County	County Seat	Governing Body	# Due Dates	Tax Payment Due Dates	Partial Payments	LiTV	CLTV	SIR	Auc
Allegany County	Cumberland	Board of Commissioners							
Anne Arundel County	Annapolis	County Executives	1	9/30	yes	no	no	>1	yes
Baltimore County	Towson	County Executives							
Baltimore City	n/a	Mayor							
Calvert County	Prince Frederick	Board of Commissioners							
Caroline County	Denton	Board of Commissioners							
Carroll County	Westminster	Board of Commissioners							
Cecil County	Elkton	County Executives							
Charles County	La Plata	Board of Commissioners							
Dorchester County	Cambridge	Board of Commissioners							
Frederick County	Frederick	County Executives							
Garrett County	Oakland	Board of Commissioners							
Harford County	Bel Air	County Executives							
Howard County	Ellicott City	County Executives	2*	9/30 and 12/31	yes	no	no	>1	yes
Kent County	Chestertown	Board of Commissioners							
Montgomery County	Rockville	County Executives	2	9/30 and 12/31	no		20%	90%	no
Prince George's County	Upper Marlboro	County Executives							
Queen Anne's County	Centreville	Board of Commissioners	1	1-Jul	yes	no	no	no	no
Saint Mary's County	Leonardtown	Board of Commissioners							
Somerset County	Princess Anne	Board of Commissioners							
Talbot County	Easton	County Executives							
Washington County	Hagerstown	Board of Commissioners							
Wicomico County	Salisbury	County Executives							
Worcester County	Snow Hill	Board of Commissioners							

* provided the property is eligible to pay property taxes in 2 installments.

**Testimony on Council Bill 4-2016
Establishing a Clean Energy Loan Program
January 19, 2016**

FILE COPY

Good evening Chairman Ball and Members of the committee. My name is Casey Bell. I am the Administrator for the MD-PACE program. Our program, made possible through a partnership with the Maryland Clean Energy Center, an instrumentality of the state, provides turnkey administrative services at no cost to Maryland counties.

I am here this evening in support of Council Bill 4-2016; establishing a Clean Energy Loan Program. This legislation, if enacted, would create a commercial Property Assessed Clean Energy or PACE financing structure that would allow commercial property owners in Howard County to access low-cost private capital to improve their facilities and reduce their energy costs. The bill before you today would promote economic growth and create jobs in Howard County, while also generating multiple environmental benefits.

The financial innovation of PACE is that the capital provided for the project is secured by a tax surcharge collected on the property tax bill. This allows the private sector to finance projects at low rates and align terms with payback periods for energy savings. The PACE surcharge is spread over years and, in all cases, is lower than the energy bill savings the property enjoys. In other words, it is a win-win for property owners. Mortgage lenders are protected in Maryland because each project would be subject to their consent. The policy allows the government to do what it does best – create structures to enable private capital to invest in the County.

Enabling PACE empowers Howard County property owners to lower their operating costs, and improve the value and market competitiveness of their asset. It will help Howard County contractors close projects and grow their businesses by offering a financing option that is attractive to property owners.

The statewide MD-PACE program is immediately available to Howard County, at no cost, through a simple opt-in process. Our partnership provides turnkey, standard, open-market PACE administration and will work with you to:

- intake and approve projects
- train local contractors and capital providers
- establish procedures in consultation with your tax office to place assessments and facilitate collections, and
- remit payment to capital providers.

The team at MD-PACE designed and ran the most successful commercial PACE program in the country in Connecticut. They bring an immense amount of experience on how to manage a successful statewide program – one that works for counties, building owners, contractors, and lenders.

By opting in, Howard County will empower program participants, including property owners, contractors, and capital providers, to pursue PACE projects across the state using standardized guidelines across jurisdictions. I know that several contractors and capital providers are present tonight to share their testimonies, so I will conclude by re-affirming that Council Bill 4-2016 contains all of the correct elements and places the County in a strong position to design a successful PACE program. For these reasons, I urge your passage of Council Bill 4-2016.

