MFP ITEM 1
November 30, 2009
Worksession

MEMORANDUM

TO: Management and Fiscal Policy Committee

FROM: Amanda Mihill, Legislative Analyst
Michael Faden, Senior Legislative Attorney

SUBJECT: **Worksession:** Expedited Bill 39-09, Property Tax Credit – Renewable Energy – Annual Aggregate Limit

Expedited Bill 39-09, Property Tax Credit – Renewable Energy – Annual Aggregate Limit, sponsored by Councilmember Berliner, was introduced on November 3, 2009. A public hearing was held on November 24. Council action is tentatively scheduled for December 1.

Bill 39-09 would increase the annual aggregate limit for the property tax credit for solar and geothermal energy devices from $250,000 to $400,000 and reduce the annual aggregate limit for the property tax credit for energy conservation devices from $250,000 to $100,000. According to the sponsor, this legislation is necessary because each year the annual cap is reached for the amount of property tax credits issued for solar and geothermal energy devices, but the amount of the property tax credits issued for energy conservation devices falls well short of the annual cap. The chart below details this information.

Year	Renewable Energy Devices		Energy Conservation Devices	
	Recipients	Credits Issued	Recipients	Credits Issued
2008	55	$250,000	122	$30,460
2009	67	$250,000	164	$40,886

When Bill 39-09 was introduced, Councilmember Leventhal requested the Transportation, Infrastructure, Energy & Environment Committee receive an update regarding the status of the various environmental incentives the County provides, including the Clean Energy Rewards Program. This discussion is scheduled for November 30.

At the hearing on this Bill, held on November 24, the only speaker was Stephen Shaw, (©5-6) a member of the County Energy and Air Quality Advisory Committee, who said that, because renewable energy is not as cost-effective as energy conservation measures, the limit for energy conservation devices should not be reduced; instead, unused funds (of which currently there are none) set aside for renewable energy devices should be transferred to conservation. He also emphasized that the County needs to do a better job of administering and promoting this tax credit, and furnishing vouchers to building supply dealers (Home Depot etc.) would be one effective means of doing so.

Council staff recommendation: enact Bill 39-09.

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Expedited Bill No. 39-09
Concerning: Property Tax Credit – Renewable Energy – Annual Aggregate Limit
Revised: 10/26/2009 Draft No. 1
Introduced: November 3, 2009
Expires: May 3, 2011
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmember Berliner

AN EXPEDITED ACT to:

(1) amend the annual aggregate limit for the property tax credit for solar and geothermal energy devices and energy conservation devices; and
(2) generally amend the law relating to the renewable energy property tax credit.

By amending
Montgomery County Code
Chapter 52, Taxation
Section 52-18R

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets]	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets]]	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Section 52-18R is amended as follows:

52-18R. Property tax credit — renewable energy.

(d) Annual aggregate limit.

(1) Unless a larger amount is approved in the annual operating budget or a Council resolution, during any fiscal year, the total credits granted under this Section must not exceed:

(A) [$250,000] $400,000 for solar and geothermal energy devices; and

(B) [$250,000] $100,000 for energy conservation devices.

* * *

Sec. 2. Expedited Effective Date

The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.

Approved:

Philip M. Andrews, President, County Council — Date

Approved:

Isiah Leggett, County Executive — Date

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council — Date

LEGISLATIVE REQUEST REPORT

Expedited Bill 39-09, *Property Tax Credit – Renewable Energy – Annual Aggregate Limit*

DESCRIPTION:	Bill 39-09 would amend the annual aggregate limit for the property tax credit for solar and geothermal energy devices and energy conservation devices; and generally amend the law relating to the renewable energy property tax credit.
PROBLEM:	Each year, the annual cap is reached for the property tax credit for solar and geothermal energy devices, but the annual cap for the property tax credit for energy conservation devices is not met.
GOALS AND OBJECTIVES:	To adjust the maximum annual cap on these tax credits so that more residents can take advantage of the property tax credit for solar and geothermal energy devices.
COORDINATION:	Department of Finance.
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Amanda Mihill, Legislative Analyst, 240-777-7815.
APPLICATION WITHIN MUNICIPALITIES:	To be researched.
PENALTIES:	n/a

OFFICE OF MANAGEMENT AND BUDGET

Isiah Leggett
County Executive

MEMORANDUM

Joseph F. Beach
Director

November 19, 2009

RECEIVED
MONTGOMERY COUNTY
COUNCIL
2009 NOV 25 AM 8:16

TO: Phil Andrews, President, County Council

FROM: Joseph F. Beach, Director

SUBJECT: Expedited Bill 39-09, Property Tax Credit – Renewable Energy

The purpose of this memorandum is to transmit a fiscal impact statement to the Council on the subject legislation.

LEGISLATION SUMMARY

The proposed legislation would increase the annual aggregate limit for the property tax credit for Solar and Geothermal energy devices from $250,000 to $400,000 and reduce the annual aggregate limit for the property tax credit for Energy Conservation Devices from $250,000 to $100,000.

FISCAL SUMMARY

There have been many more (and higher dollar) requests made for the Solar and Geothermal credits, while there have been relatively few requests made for the Energy Conservation Devices credits. The bill adjusts the maximum annual cap on renewable energy tax credits so that more residents can take advantage of the property tax credit for Solar and Geothermal energy devices. Although there is no change in total for the two tax credit programs, the bill would change the mix so that more credits could be given for the Solar and Geothermal devices; therefore, making it more likely the County will reach the total $500,000 limit on the entire program.

ECONOMIC IMPACT STATEMENT

The Department of Finance reviewed the bill and determined that there is no economic impact to the County.

The following contributed to this analysis: Robert Hagedoorn, Department of Finance, and John Cuff, Office of Management and Budget.

JFB:jc

c: Timothy L. Firestine, Chief Administrative Officer
Kathleen Boucher, Assistant Chief Administrative Officer
Jennifer Barrett, Director, Department of Finance
Michael Coveyou, Department of Finance
Robert Hagedoorn, Department of Finance
John Cuff, Office of Management and Budget

(4)

#7-1

Testimony of Stephen Shaw
Regarding Expedited Bill 39-09,
"Property Tax Credit - Renewable Energy"
11/24/09
shaws.nih@gmail.com

I thank the County Council for its historically strong commitment to environmental issues and better use of energy.

I am a county resident involved in promoting energy conservation especially through home weatherization. In these comments I speak for myself but my proposals today have been shaped by several county groups. I serve on the County's Energy and Air Quality Advisory Committee. I volunteer with Rebuilding Together, helping low income homeowners. I am involved with Bethesda Green.

My comments relate primarily to the Energy Conservation half of this program. Energy Conservation is the single most effective strategy for Green Energy. Although Renewable Energy is important, it's not nearly as cost-effective as conservation. The amendment under consideration reduces the scope of the conservation program. That is the wrong strategy. Instead, some simple steps could greatly increase the effectiveness of the program.

It's a wonderful program but it is seriously underutilized. It could provide $250 for 1000 homeowners every year. But its utilization in the last two years is less than a fifth of that number.

So what's wrong and how can we fix it?

First, people don't know about the program. Let me give you a suprising example. Last week, I talked with the general manager of a local Home Depot. He of all people should know about the credit. But he did not know about it and was shocked.

I propose that a good way to promote awareness is through local building suppliers. They can be a pivotal connection to the do-it-yourself community. If we inform and motivate building supply vendors, they will inform and educate their customers – for example as part of weatherization workshops

Second, the process of filing for the credit is flawed. I know because I filed for it this year. The **information on the web is limited.** The **phone is not answered. Emails are not returned.** You don't get an **acknowledgement when your application is received. This is no way to encourage the program**

In short, we need to disseminate the information and make the filing process more user-friendly.

In addition, two changes to the legislation could make a big difference The biggest impact would be **simplification of the process of re-imbursement**. There should be a mechanism that is simple and quick. For example, how about a voucher program, perhaps handled through local building supply vendors?

Finally, I propose that **Montgomery County partner with approved non-profit organizations** to obtain and use energy conservation funds on behalf of homeowners. For example, Rebuilding Together volunteers do weatherization as part of their assistance for low income homeowners. Often Rebuilding Together has volunteers but not money for supplies. Access to County energy credit of $250 per home would promote weatherization by such volunteers.

In conclusion I propose that conservation funds NOT be reduced from their current limit. Instead, I propose than any unutilized funds for conservation in a given year are immediately released for solar/geothermal applications.