

Bill No. 33-07
Concerning: Renewable Energy
Revised: 4/22/2008 Draft No. 11
Introduced: November 20, 2007
Enacted: April 22, 2008
Executive: May 5, 2008
Effective: August 4, 2008
Sunset Date: None
Ch. 10, Laws of Mont. Co. 2008

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Councilmembers Berliner, Ervin, Council President Praisner, and Councilmembers Elrich,
Floreen, Trachtenberg, Leventhal, and Andrews

AN ACT to:

- (1) require the [[Director of the Department of Environmental Protection]] Sustainability Working Group to develop a Renewable Energy Action Plan after evaluating options for increasing the use of renewable energy in and by the County, including the feasibility of creating a [[Sustainable]] Sustainability Energy [[Utility]] Fund;
- (2) prohibit enforcement of certain deed restrictions, covenants, rules, or regulations relating to renewable energy devices;
- (3) create a property tax credit for the installation of certain renewable energy devices; and
- (4) generally amend the law relating to energy and property tax credits.

By adding

Montgomery County Code
Chapter 18A, Energy Policy
Section [[18A-12]] 18A-16

Chapter 40, Real Property
Section 40-3A

Chapter 52, Taxation
Section 52-18Q

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

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

1 Sec. 1. Section 18A-12, Section 40-3A, and Section 52-18Q are added as
2 follows:

3 **[[18A-12]] 18A-16. Renewable Energy Action Plan.**

4 (a) Definitions. In this Section, the following words have the meanings
5 indicated:

6 “Department” means the Department of Environmental Protection.

7 “Director” means the Director of the Department or the Director’s
8 designee.

9 “Renewable energy” means the following energy sources or technology:

10 (1) solar;

11 (2) wind;

12 (3) geothermal;

13 (4) tidal;

14 (5) methane from anaerobic decomposition of organic materials in a
15 landfill or wastewater treatment plant; and

16 (6) any other energy source or technology which the Director finds is
17 derived from natural processes that do not involve the
18 consumption of exhaustible resources.

19 “[[Sustainable Energy Utility]] Sustainability Energy Fund” means a
20 non-profit organization which:

21 (1) develops end-user markets for products and services relating to
22 energy efficiency and renewable energy; and

23 (2) serves as a point-of-contact for end-users to obtain information
24 about products and services relating to energy efficiency and
25 renewable energy.

26 “Sustainability Working Group” means the Group defined in Section
7 18A-13.

28 (b) Study. The [[Director]] Sustainability Working Group must prepare a
 29 Renewable Energy Action Plan after evaluating the costs and benefits of
 30 options to increase renewable energy use in and by the County,
 31 including the feasibility of creating a [[Sustainable Energy Utility]]
 32 Sustainability Energy Fund.

33 (c) Initial report. The [[Director]] Sustainability Working Group must
 34 submit a report to the County Executive and County Council by [[July
 35 1, 2008]] January 15, 2009 that identifies the components of the
 36 Renewable Energy Action Plan.

37 (d) Energy work program. The County Executive's energy work program,
 38 required by Section 18A-2, must identify any action necessary to
 39 implement the Renewable Energy Action Plan.

40 **40-3A. Renewable energy devices.**

41 (a) Definitions. In this Section, the following words have the meanings
 42 indicated:

43 "Renewable energy" means the following energy sources or technology:

- 44 (1) solar;
- 45 (2) wind; and
- 46 (3) geothermal.

47 "Renewable energy device" means a device that:

- 48 (1) creates, converts, or actively uses renewable energy; and
- 49 (2) meets safety and performance standards set by a nationally
 50 recognized testing laboratory for that kind of device.

51 "Owner of any building" includes a unit owner in a condominium, a lot
 52 owner in a homeowner's association, and a shareholder in a cooperative
 53 housing corporation.

54 (b) Prohibition. A person must not create or enforce any deed restriction,
55 covenant, rule, or regulation, or take any other action, which would
56 prohibit the owner of any building from installing a renewable energy
57 device.

58 (c) Applicability.

59 (1) ~~[[This]]~~ Except as provided in ~~[[subparagraph]]~~ paragraph (2),
60 this Section applies to all deed restrictions, covenants, rules, and
61 regulations adopted before and after this Section became law.

62 (2) This Section does not apply to a restriction imposed by:

63 (i) a forest conservation easement; or

64 (ii) a historic preservation requirement.

65 ~~[[52-18Q]]~~ **52-18R. Property tax credit – renewable energy.**

56 (a) Definitions. In this Section, the following words have the meanings
57 indicated:

68 “Director” means the Director of the Department of Finance or the
69 Director’s designee.

70 “Eligible cost” means the cost of buying or installing a solar or
71 geothermal energy device or energy conservation device, including any
72 part, component, or accessory necessary to operate the device, that is
73 installed within 12 months before a property owner submits an
74 application to the Department of Finance under subsection (f).

75 “Energy conservation device” means a device that:

76 (1) reduces the demands for conventional fuels or efficiency of these
77 fuels, including:

78 (A) caulking and weatherstripping doors and windows;

79 (B) furnace efficiency modifications, including:

- 80 (i) replacing a burner, furnace, heat pump, or boiler if
81 the replacement substantially increases the energy
82 efficiency of the heating system;
83 (ii) a device to modify flue openings that increases the
84 energy efficiency of the heating system; and
85 (ii) any electrical or mechanical furnace ignition system
86 which replaces a standing gas pilot light;
87 (C) a programmable thermostat;
88 (D) ceiling, attic, wall, or floor insulation;
89 (E) water heater insulation;
90 (F) storm windows or doors, multiglazed windows or doors,
91 and heat-absorbed or heat-reflective glazed window or
92 door materials;
93 (G) any device which controls demand of appliances and aids
94 load management; and
95 (H) any other conservation device, renewable energy
96 technology, and specific home improvement that the
97 Director finds necessary to assure that energy conservation
98 measures are effective; and
99 (2) meets safety and performance standards set by a nationally
100 recognized testing laboratory for that kind of device.

101 Energy conservation device does not include a standard household
102 appliance, such as a washing machine or clothes dryer.

103 “Geothermal energy device” means a device that:

- 104 (1) uses geothermal energy to heat or cool a structure, to provide hot
105 water for use in the structure, or to generate electricity to be used
6 in the structure; and

107 (2) meets safety and performance standards set by a nationally
108 recognized testing laboratory for that kind of device.

109 “Solar energy device” means a device that:

110 (1) uses solar energy to heat or cool a structure, to provide hot water
111 for use in the structure, or to generate electricity to be used in the
112 structure; and

113 (2) meets safety and performance standards set by a nationally
114 recognized testing laboratory for that kind of device.

115 “Tax-Property Article” means the Tax-Property Article of the Maryland
116 Code.

117 (b) Credit. As authorized by §9-203 of the Tax-Property Article, an owner
118 of an owner-occupied residential property that uses a solar or
119 geothermal energy device or an energy conservation device may receive
120 a credit against the County property tax credit.

121 (c) Amount of Credit.

122 (1) The credit allowed under this Section for a geothermal or solar
123 energy device is the ~~[[lesser]]~~ lower of:
124 ~~[[1]] (A) 50% of the eligible costs; or~~
125 ~~[[2]] (B) \$5,000 for a heating system or \$1,500 for a hot water~~
126 supply system.

127 (2) In any fiscal year, a person must not receive ~~[[more than 1 credit~~
128 ~~under subsection(c)(1)] a credit for more than 1 geothermal or~~
129 solar energy device per property.

130 (3) In any fiscal year, the credit allowed under this Section for ~~[[an]]~~
131 eligible costs for all energy conservation ~~[[device is]]~~ devices
132 must not exceed \$250 per property.

- 133 (d) Annual aggregate limit.
- 134 (1) [[During]] Unless a larger amount is [[appropriated]] approved in
135 the annual operating budget or a Council resolution, during any
136 fiscal year, the total credits granted under this Section must not
137 exceed:
- 138 (A) \$250,000 for solar and geothermal energy devices; and
139 (B) \$250,000 for energy conservation devices.
- 140 (2) Credits must be granted in the order in which the Department of
141 Finance receives complete applications under subsection (f).
- 142 (3) A complete application that, if granted, would cause the limit set
143 in paragraph (1) of this subsection to be exceeded, must be
144 granted in the next fiscal year or years based on the order in
145 which the Department of Finance received the application.
- 146 (e) Carry Over.
- 147 (1) The amount of a credit in any tax year must not exceed the
148 amount of the County property tax imposed on the property in
149 that tax year.
- 150 (2) Any amount of a credit not taken in the tax year in which an
151 application is approved may be carried over for an additional two
152 years.
- 153 (3) When a credit is carried over under this subsection, the full
154 amount of the credit must be counted towards the annual
155 aggregate limit established in subsection (d) in the year in which
156 an application is approved.
- 157 (f) Application.
- 158 (1) A property owner must submit an application to the Director on
9 or before the date that the Director sets.

- 160 (2) An application must:
- 161 (A) be on the form that the Director requires;
- 162 (B) demonstrate that the taxpayer is entitled to the credit; and
- 163 (C) include a certification from the Department of Permitting
- 164 Services, indicating that the device for which the credit is
- 165 sought:
- 166 (i) is a solar or geothermal energy device; and
- 167 (ii) has been properly installed.
- 168 (g) Applicability. The credit authorized by this Section applies to any tax
- 169 year beginning after June 30, 2008.

170 *Approved:*

171

172 Michael J. Knapp 25 Apr 08
 173 Michael J. Knapp, President, County Council Date

174 *Approved:*

175 Isiah Leggett May 5, 2008
 176 Isiah Leggett, County Executive Date

176 *This is a correct copy of Council action.*

177 Linda M. Lauer May 6, 2008
 178 Linda M. Lauer, Clerk of the Council Date

CLERK'S NOTE: CORRECTED NEW SECTION NUMBER ON LINE 65.