

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

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
<b>[Single boldface brackets]</b>	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
<b>[[Double boldface brackets]]</b>	<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  
 27 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. Property tax credit – renewable energy.**

66 (a) Definitions. In this Section, the following words have the meanings  
 67 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  
 106                    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.

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(d) Annual aggregate limit.

- (1) [[During]] Unless a larger amount is [[appropriated]] 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 for solar and geothermal energy devices; and
  - (B) \$250,000 for energy conservation devices.
- (2) Credits must be granted in the order in which the Department of Finance receives complete applications under subsection (f).
- (3) A complete application that, if granted, would cause the limit set in paragraph (1) of this subsection to be exceeded, must be granted in the next fiscal year or years based on the order in which the Department of Finance received the application.

(e) Carry Over.

- (1) The amount of a credit in any tax year must not exceed the amount of the County property tax imposed on the property in that tax year.
- (2) Any amount of a credit not taken in the tax year in which an application is approved may be carried over for an additional two years.
- (3) When a credit is carried over under this subsection, the full amount of the credit must be counted towards the annual aggregate limit established in subsection (d) in the year in which an application is approved.

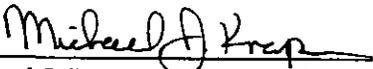
(f) Application.

- (1) A property owner must submit an application to the Director on 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:*

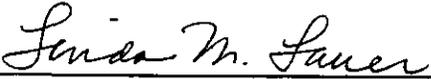
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172  25 Apr 08  
 173 \_\_\_\_\_  
 173 Michael J. Knapp, President, County Council Date

174 *Approved:*

175  May 5, 2008  
 175 \_\_\_\_\_  
 175 Isiah Leggett, County Executive Date

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

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

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