

Bill No. 3-23
Concerning: Environmental Sustainability
– Montgomery County Green Bank
Revised: 03/21/2023 Draft No. 2
Introduced: January 31, 2023
Enacted: March 21, 2023
Executive: [date signed]
Effective: [date takes effect]
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: County President at the request of the County Executive

AN ACT to:

- (1) make climate change mitigation and adaptation a prominent focus of the Montgomery County Green Bank’s mission; and
- (2) generally revise County law regarding environmental sustainability.

By amending

Montgomery County Code
Chapter 18A, Environmental Sustainability
Sections 18A-44, 18A-45, and 18A-49.

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>
[[Double boldface brackets]]	<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. Sections 18A-44, 18A-45, and 18A-49 are amended as follows:**

2 **18A-44. Purpose.**

3 The County Government [should support] supports the formation of a
 4 Montgomery County Green Bank to promote and support [the] investment in
 5 climate change mitigation and adaptation activities and provide financing for
 6 climate change mitigation and adaptation activities in the County. These
 7 activities include clean energy technologies [in the County] and resiliency,
 8 sustainability, or climate adaptive projects. The Green Bank must be able to:

- 9 (a) serve and support [the deployment of clean energy technologies in any
 10 sector] climate change mitigation and adaptation activities in all sectors,
 11 including residential [single family] single-family homes and
 12 multifamily, commercial, industrial, non-profit, municipal governments,
 13 universities and colleges, schools, and hospitals;
- 14 (b) offer a range of financing structures, forms and techniques, such as senior
 15 loans, subordinate loans, credit enhancements, guarantees, warehousing,
 16 securitization, and other techniques that can both lower the cost of
 17 financing and increase private investment in [clean energy technologies]
 18 climate change mitigation and adaptation activities;
- 19 (c) leverage private investment in [energy projects] climate change
 20 mitigation and adaptation activities through financing mechanisms that
 21 support, enhance, or complement private investment.
- 22 (d) consider [the inclusion of any non-energy or supporting] improvements
 23 ancillary to the primary [energy efficiency or renewable energy] climate
 24 change mitigation and adaptation project[, up] or related to [a stated limit
 25 in scope] environmental health or building safety or [amount, in each
 26 program or mechanisms it offers] durability;

- 27 (e) accept capital from the county, the state, the federal government, [from]
- 28 non-profits, [from] foundations, and any other capital source that
- 29 the Green Bank governance deems to be attractive and useful;
- 30 (f) recapitalize its funds through market means, including by selling whole
- 31 or portions of assets (loans) through private placement or other
- 32 securitization;
- 33 (g) stimulate the demand for [clean energy and the deployment of clean
- 34 energy technologies] climate change mitigation and adaptation activities
- 35 that serve end-use customers;
- 36 (h) before making a loan, loan guarantee, or other form of financing support
- 37 for [clean energy technologies] climate change mitigation and adaptation
- 38 activities, develop rules, policies, and procedures to specify borrower
- 39 eligibility and any other term or condition of financial support;
- 40 (i) provide by resolution for the issuance of revenue bonds to finance [clean
- 41 energy technologies] climate change mitigation and adaptation activities;
- 42 (j) provide information regarding best practices for overseeing [energy]
- 43 climate change mitigation and adaptation activity projects and other
- 44 appropriate consumer [protection information] education;
- 45 * * *
- 46 (l) assess reasonable fees and charges on its financing activities to cover its
- 47 reasonable costs and expenses, as determined by the Board of Directors
- 48 appointed under Section 18A-47;
- 49 (m) make information regarding rates, terms, and conditions for all of its
- 50 financing support transactions available to the public for inspection,
- 51 including any formal annual reviews by both a private auditor and the
- 52 Director of Finance, and provide details to the public on the Internet

53 unless such disclosure includes a trade secret, confidential commercial
 54 information, or confidential financial information;

55 * * *

56 **18A-45. Definitions.**

57 In this Article, the following words have the meanings indicated:

58 *Clean energy technologies* means measures addressing energy resources and
 59 emerging [technologies that do not involve the combustion of coal, petroleum
 60 or petroleum products, municipal solid waste, or nuclear fission. *Clean energy*
 61 *technologies* includes] energy technologies, including renewable energy
 62 systems and sources, renewable energy projects, energy efficiency projects,
 63 alternative fuels used for electricity generation, alternative fuel vehicles and
 64 related infrastructure such as electric vehicle charging station infrastructure,
 65 smart grid, and battery storage.

66 *Climate change mitigation and adaptation activities* means activities that
 67 include clean energy technologies or resiliency, sustainability, or climate
 68 adaptive projects.

69 *Energy efficiency project* means [a] an [permanent] improvement made to an
 70 existing property that reduces consumption of energy.

71 [*Energy efficiency and/or renewable energy improvement or improvement*
 72 means any equipment, device, or material that:

73 (1) meets safety and performance standards set by a nationally recognized
 74 testing laboratory for that kind of device, if these standards are available,
 75 and

76 (2) is intended to decrease energy consumption or expand use of renewable
 77 energy sources, including:

78 (A) heating, ventilation, and cooling and distribution system
 79 modification or replacement, such as:

- 80 (i) replacing existing equipment with a high efficiency model;
- 81 (ii) installing a device or retrofit to existing equipment that
- 82 increase energy efficiency and conservation;
- 83 (iii) any electrical or mechanical furnace ignition system which
- 84 replaces a standing gas pilot;
- 85 (iv) any tune-up or maintenance activity that increases the
- 86 operating efficiency;
- 87 (B) a programmable thermostat;
- 88 (C) ceiling, attic, wall, roof, foundation, or floor insulation;
- 89 (D) whole house air sealing;
- 90 (E) water heater tune-up, water heater insulation, pipe insulation, or
- 91 change out to an ENERGY STAR qualified water heater;
- 92 (F) storm windows or doors or ENERGY STAR-qualified window or
- 93 door replacement;
- 94 (G) caulking and weather-stripping doors and windows;
- 95 (H) air distribution system improvements, including duct insulation
- 96 and air sealing;
- 97 (I) any device or energy management system which controls demand
- 98 of appliances or equipment and aides load management manually,
- 99 remotely, and/or automatically;
- 100 (J) a measure that reduces the usage of water or increases the
- 101 efficiency of water usage;
- 102 (K) an energy recovery system;
- 103 (L) electric vehicle infrastructure, such as installation of electric
- 104 vehicle charging station(s) and any necessary installation or
- 105 upgrades to electrical wiring or outlets;
- 106 (M) commercial-scale lighting upgrades or daylighting system;

- 107 (N) any measure or system that makes use of or expands a renewable
- 108 source of energy, including solar thermal and solar electric, wind
- 109 turbine, biomass, hydroelectric, geothermal electric, geothermal
- 110 heat pumps, anaerobic digestion, tidal or wave produced energy,
- 111 fuel cells using renewable fuels and geothermal direct-use; or
- 112 (O) any other installation or modification of equipment, device,
- 113 infrastructure, structure, or other material necessary to:
- 114 (i) install, operate, or maintain the improvement being
- 115 installed; or
- 116 (ii) resolve any structural, mechanical, electrical, or other issue
- 117 that directly jeopardizes the well-being or safety of the
- 118 building occupants, quality of the indoor environment, or
- 119 the durability or longevity of the structure on which the
- 120 project is being installed.]

121 *Green Bank* means the Green Bank that the County has designated to promote
 122 and support [the] investment in climate change mitigation and adaptation
 123 activities in the County, including clean energy technologies [and provide
 124 financing for clean energy technologies, including renewable energy and energy
 125 efficiency projects]; resiliency, sustainability, and climate adaptive projects; and
 126 other related risk reduction activities.

127 * * *

128 [*Renewable energy source* means a source of energy that naturally replenishes
 129 over a human, not a geological, time frame and that is ultimately derived from
 130 solar power, water power, or wind power.

131 *Renewable energy source* does not include petroleum, nuclear, natural gas, or
 132 coal. A renewable energy source comes from the sun or from thermal inertia of

133 the earth and minimizes the output of toxic material in the conversion of the
134 energy and includes:

- 135 (1) non-hazardous, organic biomass material;
- 136 (2) solar electric and solar thermal energy;
- 137 (3) wind energy;
- 138 (4) geothermal energy; and
- 139 (5) methane gas captured from a landfill.]

140 Resiliency, sustainability, or climate adaptive projects mean measures designed
 141 to support property or community resilience, reliability, and environmental
 142 sustainability; property or community environmental health and environmental
 143 safety; property or community water conservation and on-site management;
 144 sustainable waste treatment; sustainable agricultural activities; and adaption of
 145 systems to manage changes to the climate, such as activities responding to
 146 extreme weather events.

147 * * *

148 **18A-47. Board of Directors.**

149 (a) To qualify as the County’s Green Bank, a corporation’s Board of
 150 Directors must have no more than ~~[[11]]~~15 voting members. The
 151 corporation’s bylaws should specify that the County Executive may
 152 appoint up to 5 board members, including the Directors of Environmental
 153 Protection and Finance, subject to confirmation by the County Council.

154 **18A-49. Work program; staff; support from County Government.**

155 * * *

156 (c) The Board must meet with the Executive and the ~~[[President of the]]~~
 157 Committee of the Council that oversees environmental sustainability, at
 158 least [semi-annually] annually.

159 * * *

160 (e) Funding sources for the Green Bank may include:

161 * * *

162 (2) County funds, including a portion of the fuel-energy tax revenue
163 received by the County[[;]], provided that any funds given to the
164 Green Bank under Chapter 52, Sec. 52-14 must only be used to
165 promote the investment in clean energy technologies and to
166 provide financing for clean energy technologies, including
167 renewable energy and energy efficiency projects and must not be
168 used for resiliency activities;

169 (3) charitable gifts, grants, or contributions, investments, and loans
170 from individuals, corporations, university endowments, and
171 philanthropic foundations; and

172 (4) earnings and interest derived from its investments and financing
173 support for climate change mitigation and adaptation activities [for
174 clean energy technologies] backed by the Green Bank.

175 The Green Bank may also raise private funds and may accept services
176 from any source consistent with its purpose.

