

**Office of the County Auditor**  
**Auditor's Analysis**

**Council Bill No. 3-2023**

Introduced: January 3, 2023

Auditor: Michael A. Martin

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Fiscal Impact:

The fiscal impact of this legislation cannot be determined at this time as it is contingent upon the number of Clean Energy Loans that will be processed in future years, as well as the duration and amounts of those loans.

According to the Office of Community Sustainability (OCS), the one-time recordation tax will cover the initial and ongoing cost of servicing the loans. However, any individual loan amount under \$700,000 would yield less than \$3,500 of one-time recordation tax revenue, which the Administration estimates will be the cost to administer a typical loan.

See **Other Comments** for additional fee information.

Purpose:

The purpose of the proposed legislation is to amend the County's Clean Energy Loan Program to be more aligned with recent revisions to the State's program and to amend the County's requirements for applicants to obtain financing for certain types of projects. Some changes include:

- Increasing the minimum loan amount from \$15,000 to \$50,000 while also removing the maximum loan term of 20 years
- Removing the requirement for an energy audit to demonstrate that the cost savings obtained through the improvements exceed the cost of the loan itself
- Allowing resiliency, environmental remediation, and water efficiency projects to be eligible for a clean energy loan

Other Comments:

The County Code authorizes the Administration to assess an administrative surcharge that equals the actual costs to administer this loan program, which could be applied as loan payments are processed. We determined that multiple surrounding jurisdictions assess such a fee and/or application fees. The Administrator of OCS indicated that the County will not be assessing an administrative surcharge at this time, however.

The Maryland Clean Energy Center (MCEC) and its designee, Abacus Property Solutions, are authorized and directed to serve as the Clean Energy Loan Program Administrator under the terms of a separate agreement with the County, executed on November 9, 2022.

Although the County has not yet serviced any C-PACE loans since the project's inception in 2016, the Administration has noted there are negotiations underway between a potential lender and property owner regarding the construction of a new building in Columbia.