

SENATE BILL 223

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(PRE-FILED)

6lr0049
CF HB 245

By: **Chair, Education, Energy, and the Environment Committee (By Request – Departmental – Maryland Energy Administration)**

Requested: September 25, 2025

Introduced and read first time: January 14, 2026

Assigned to: Education, Energy, and the Environment

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 4, 2026

CHAPTER _____

1 AN ACT concerning

2 **Maryland Energy Administration – Jane E. Lawton Conservation Loan Program**
3 **and Fund and Maryland Strategic Energy Investment Fund**

4 FOR the purpose of transferring the Jane E. Lawton Conservation Loan Program from the
5 Maryland Energy Administration to the Maryland Clean Energy Center; repealing
6 the authority of the Maryland Energy Administration to adopt regulations to
7 implement the Program; requiring the Center to hold the Jane E. Lawton
8 Conservation Fund and invest and reinvest the money of the Fund; altering
9 reporting requirements for the Maryland Strategic Energy Investment Fund; and
10 generally relating to the Jane E. Lawton Conservation Loan Program, the Jane E.
11 Lawton Conservation Fund, and the Maryland Strategic Energy Investment Fund.

12 BY renumbering

13 Article – Economic Development

14 Section 10–862 and the part “Part VII. Short Title”

15 to be Section 10–874 and the part “Part VIII. Short Title”

16 Annotated Code of Maryland

17 (2024 Replacement Volume and 2025 Supplement)

18 BY transferring

19 Article – State Government

20 Section 9–20A–01 through 9–20A–10 and the subtitle “Subtitle 20A. The Jane E.
21 Lawton Conservation Loan Program”

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



- 1 Annotated Code of Maryland
2 (2021 Replacement Volume and 2025 Supplement)
3 to be
4 Article – Economic Development
5 Section 10–862 through 10–871 to be under the new part “Part VII. The Jane E.
6 Lawton Conservation Loan Program”
7 Annotated Code of Maryland
8 (2024 Replacement Volume and 2025 Supplement)
- 9 BY repealing and reenacting, without amendments,
10 Article – Economic Development
11 Section 10–801(a) and (f)
12 Annotated Code of Maryland
13 (2024 Replacement Volume and 2025 Supplement)
- 14 BY repealing and reenacting, with amendments,
15 Article – Economic Development
16 Section 10–801(o)
17 Annotated Code of Maryland
18 (2024 Replacement Volume and 2025 Supplement)
- 19 BY repealing and reenacting, with amendments,
20 Article – Economic Development
21 Section 10–862 through 10–871
22 Annotated Code of Maryland
23 (2024 Replacement Volume and 2025 Supplement)
24 (As enacted by Section 2 of this Act)
- 25 BY repealing and reenacting, without amendments,
26 Article – State Government
27 Section 9–20B–01(a), (b), and (e)
28 Annotated Code of Maryland
29 (2021 Replacement Volume and 2025 Supplement)
- 30 BY repealing and reenacting, with amendments,
31 Article – State Government
32 Section 9–20B–12
33 Annotated Code of Maryland
34 (2021 Replacement Volume and 2025 Supplement)
- 35 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
36 That Section(s) 10–862 and the part “Part VII. Short Title” of Article – Economic
37 Development of the Annotated Code of Maryland be renumbered to be Section(s) 10–874
38 and the part “Part VIII. Short Title”.
- 39 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 9–20A–01 through
40 9–20A–10 and the subtitle “Subtitle 20A. The Jane E. Lawton Conservation Loan Program”

1 of Article – State Government of the Annotated Code of Maryland be transferred to be
2 Section(s) 10–862 through 10–871, respectively, and the part “Part VII. The Jane E. Lawton
3 Conservation Loan Program” of Article – Economic Development of the Annotated Code of
4 Maryland.

5 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
6 as follows:

7 **Article – Economic Development**

8 10–801.

9 (a) In this subtitle the following words have the meanings indicated.

10 (f) “Center” means the Maryland Clean Energy Center.

11 (o) [(1) “Project”] **WITH RESPECT TO PARTS I THROUGH VI OF THIS**
12 **SUBTITLE:**

13 **(1) “PROJECT”** means any property, the acquisition or improvement of
14 which the Board, in its sole discretion, determines by resolution will accomplish at least
15 one of the purposes listed in § 10–802(b) of this subtitle, whether or not the property:

16 (i) is or will be used or operated for profit or not for profit;

17 (ii) is or will be located on a single site or multiple sites; or

18 (iii) may be financed by bonds, the interest on which is exempt from
19 income taxation under federal law[.]; **AND**

20 (2) [“Project”] **“PROJECT”** includes:

21 (i) land or an interest in land;

22 (ii) structures, equipment, furnishings, rail or motor vehicles,
23 barges, and boats;

24 (iii) property and rights related to property, appurtenances,
25 rights-of-way, franchises, and easements;

26 (iv) property that is functionally related and subordinate to a project;
27 and

28 (v) patents, licenses, and other rights necessary or useful in the
29 improvement or operation of a project.

1 10-862.

2 (a) In this [subtitle] **PART** the following words have the meanings indicated.

3 (b) [“Administration” means the Maryland Energy Administration.

4 (c) [“Borrower” means an eligible State agency, local jurisdiction, nonprofit
5 organization, or eligible business that applies and qualifies for a loan under this Program.

6 [(d)] (C) “Eligible business” means a commercial enterprise or business that is
7 in good standing with the State Department of Assessments and Taxation and is:

8 (1) incorporated in the State; or

9 (2) registered to do business in the State.

10 [(e)] (D) “Energy cost savings” means the actual reduction in operating expenses
11 resulting from the installation, operation, and maintenance of a project financed under the
12 Program.

13 [(f)] (E) “Fund” means the Jane E. Lawton Conservation Fund.

14 [(g)] (F) (1) “Local jurisdiction” means any county or municipality of the
15 State.

16 (2) “Local jurisdiction” includes:

17 (i) a board of education of a county or municipality;

18 (ii) a special district that is established by State law and that
19 operates within a single county;

20 (iii) a special district that is established by a county under public
21 general law; and

22 (iv) an office, board, or department that is established in a county
23 under State law and that is funded, under State law, at least in part by the county
24 governing body.

25 [(h)] (G) “Municipality” means any municipal corporation in the State that is
26 subject to the provisions of Article XI–E of the Maryland Constitution or any duly
27 authorized agency or instrumentality of the municipality.

28 [(i)] (H) “Nonprofit organization” means a corporation, foundation, school,
29 hospital, or other legal entity, no part of the net earnings of which inure to the benefit of
30 any private shareholder or individual holding an interest in the entity.

1 [(j)] (I) “Program” means the Jane E. Lawton Conservation Loan Program.

2 [(k)] (J) “Project” means one or more improvements or modifications that
3 enhance the energy efficiency and reduce the operating expenses of a structure located in
4 Maryland.

5 [(l)] (1) “State agency” means any permanent or temporary State office,
6 department, division or unit, bureau, board, commission, task force, authority, institution,
7 State college or university, and any other unit of State government, whether executive,
8 legislative, or judicial.

9 (2) “State agency” includes any subunits of State government.]

10 10–863.

11 There is a Jane E. Lawton Conservation Loan Program in the [Administration]
12 **CENTER**.

13 10–864.

14 The purpose of the Program is to provide financial assistance in the form of low
15 interest and zero interest loans to nonprofit organizations, local jurisdictions, State
16 agencies, and eligible businesses for projects [in order] to:

17 (1) promote energy conservation;

18 (2) reduce consumption of fossil fuels;

19 (3) improve energy efficiency;

20 (4) enhance energy–related economic development and stability in the
21 nonprofit, commercial, and industrial sectors; and

22 (5) reduce greenhouse gas emissions.

23 10–865.

24 The [Administration] **CENTER** shall:

25 (1) manage, supervise, and administer the Program;

26 (2) [adopt regulations to] ensure that loans are provided only to projects
27 that carry out the purpose of the Program;

1 (3) attach specific terms to any loan that are considered necessary to
2 ensure that the purpose of the Program is fulfilled; and

3 (4) develop procedures for monitoring projects to assess whether the
4 improvements or modifications made by an eligible entity or business that had received a
5 loan under the Program have resulted in a measurable reduction in energy consumption.

6 10-866.

7 (a) (1) To receive a loan under the Program, a borrower must file an
8 application with the [Administration] CENTER.

9 (2) If the borrower is an eligible business, the application must be signed
10 by the chief operating officer or an authorized officer of the business.

11 (3) If the borrower is a local jurisdiction, the application must be signed by
12 the chief elected officer of the county or municipality, or if none, by the governing body of
13 the county or municipality in which the project is located.

14 (4) If the borrower is a public school, the application must be signed by the
15 board of education of the county in which the project is located.

16 (5) If the borrower is a State agency, the application must be signed by the
17 head of the State agency.

18 (b) The application shall contain any information the [Administration] CENTER
19 determines is necessary, including:

20 (1) the projected cost to accomplish a proposed project;

21 (2) the amount of energy or fuel a proposed project is expected to save over
22 a defined period of time after completion of the project;

23 (3) the anticipated environmental benefits in the form of reduced emissions
24 or pollution attributable to the proposed project;

25 (4) the amount of cost savings expected to be generated over a defined
26 period of time after completion of the proposed project;

27 (5) a description of the borrower's contribution to a proposed project as
28 required by [§ 9-20A-06] § 10-867 of this subtitle; and

29 (6) any additional information relating to the borrower or the proposed
30 project that may be required by the [Administration] CENTER in order to administer the
31 Program.

32 10-867.

- 1 (a) Loans from the Fund may be used for:
- 2 (1) the costs of implementing projects, including the costs of all necessary:
- 3 (i) technical assessments;
- 4 (ii) studies;
- 5 (iii) surveys;
- 6 (iv) plans and specifications; and
- 7 (v) start-up, architectural, engineering, or other special services;
- 8 (2) the costs of procuring necessary technology, equipment, licenses, or
9 materials; and
- 10 (3) the costs of construction, rehabilitation, or modification, including the
11 purchase and installation of any necessary machinery, equipment, or furnishings.
- 12 (b) Each borrower shall make a contribution to a project that is of a type and
13 amount acceptable to the [Administration] **CENTER**.
- 14 (c) A borrower other than a State agency must document that the anticipated
15 energy cost savings to the borrower over a defined period according to a methodology
16 acceptable to the [Administration] **CENTER** after the completion of the project are greater
17 than the total cost of the project to the borrower.
- 18 (d) Loans made under the Program to a borrower other than a State agency shall:
- 19 (1) be repayable by the borrower from specified revenues that may include
20 the energy cost savings generated by a project;
- 21 (2) bear interest at a rate that the [Administration] **CENTER** determines
22 to be necessary and reasonable for the project; and
- 23 (3) be repayable in accordance with a schedule that the [Administration]
24 **CENTER** sets, which may be on a deferred payment basis.
- 25 (e) (1) A borrower other than a State agency shall provide assurances for the
26 repayment of a loan.
- 27 (2) The assurances:
- 28 (i) shall include a promissory note; and

1 (ii) may include superior or subordinate mortgage liens, guarantees
2 of repayment, or other forms of collateral.

3 (f) Loans may be made in conjunction with, or in addition to, financial assistance
4 provided through other State or federal programs.

5 10-868.

6 (a) There is a Jane E. Lawton Conservation Fund.

7 (b) The [Administration] **CENTER** shall administer the Fund.

8 (c) (1) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of
9 the State Finance and Procurement Article.

10 (2) ~~The State Treasurer~~ **CENTER** shall hold the Fund ~~and the Comptroller~~
11 ~~shall account for the Fund.~~

12 (d) The Fund consists of:

13 (1) money appropriated in the State budget to the Program;

14 (2) money received from any public or private source;

15 (3) interest and investment earnings on the Fund; and

16 (4) repayments and prepayments of principal and interest on loans made
17 from the Fund.

18 (e) The Fund may be used only:

19 (1) to pay the expenses of the Program;

20 (2) to provide loans to eligible borrowers and projects; and

21 (3) to enhance the credit of a financing offered by eligible banks and other
22 financial institutions for projects.

23 (f) (1) ~~The State Treasurer~~ **CENTER** shall invest and reinvest the money of
24 the Fund in the same manner as other ~~State money~~ **MONEY HELD BY THE CENTER** may
25 be invested.

26 (2) Any investment earnings of the Fund shall be paid into the Fund.

27 (3) Any repayment of principal and interest on loans made from the Fund
28 shall be paid into the Fund.

1 (g) (1) The [Administration] **CENTER** shall annually reserve for at least 90
2 days a portion of the money from the Fund that is available for financial assistance under
3 the Program for loans to nonprofit organizations.

4 (2) In a fiscal year in which requests for financial assistance from nonprofit
5 organizations are less than the amount of money reserved under paragraph (1) of this
6 subsection for the period determined by the [Administration] **CENTER**, the
7 [Administration] **CENTER** may make the unencumbered or noncommitted portion of the
8 reserve available to other borrowers in the Program.

9 10-869.

10 The [Administration] **CENTER** may enter into contracts with third parties to make,
11 service, or settle loans made under this [subtitle] **PART**.

12 10-870.

13 (a) The [Administration] **CENTER** may use the Fund to enhance the credit of a
14 financing offered by a bank or other financial institution for a project.

15 (b) A credit enhancement issued in accordance with subsection (a) of this section
16 shall:

17 (1) carry out the purpose of the Program in a manner the [Administration]
18 **CENTER** considers appropriate;

19 (2) facilitate financing of at least one project of a local jurisdiction,
20 nonprofit organization, or eligible business; and

21 (3) be offered only to a bank or other financial institution in good standing
22 with the State Department of Assessments and Taxation that is:

23 (i) incorporated in the State; or

24 (ii) registered to do business in the State.

25 (c) The [Administration] **CENTER** may assess a reasonable fee to a participating
26 bank or financial institution for the administration of this section.

27 [(d) The Administration shall adopt regulations to carry out this section.]

28 10-871.

29 (a) A person may not knowingly make or cause to be made any false statement or
30 report in any document required to be furnished to the [Administration] **CENTER** by any
31 agreement relating to financial assistance.

1 (b) A person applying for financial assistance may not knowingly make or cause
2 to be made any false statement for the purpose of influencing any action of the
3 [Administration] **CENTER** on an application for financial assistance or for the purpose of
4 influencing any action of the [Administration] **CENTER** affecting financial assistance
5 already provided.

6 (c) A person who violates this section is guilty of a misdemeanor and on conviction
7 is subject to a fine not exceeding \$50,000 or imprisonment not exceeding 1 year or both.

8 **10-872. RESERVED.**

9 **10-873. RESERVED.**

10 Article – State Government

11 9-20B-01.

12 (a) In this subtitle the following words have the meanings indicated.

13 (b) “Administration” means the Maryland Energy Administration.

14 (e) “Fund” means the Maryland Strategic Energy Investment Fund.

15 9-20B-12.

16 (a) On or before January 1 each year, the Administration shall report to the
17 Governor, to the Board, and, in accordance with § 2-1257 of this article, to the General
18 Assembly and the members of the Senate Finance Committee and the House Economic
19 Matters Committee on the uses and expenditures of the Fund from the prior fiscal year.

20 (b) The report shall include:

21 (1) a detailed accounting of all amounts **IN EXCESS OF \$10,000** received
22 by and disbursed from the Fund, including the amount and recipient of each grant awarded
23 by the Administration[, and identifying multiple grants awarded to the same person or the
24 same address];

25 (2) all amounts used by the Administration for administrative purposes,
26 including the funding source from which each amount was obtained;

27 (3) programs, projects, and activities included in each category under §
28 9-20B-05(g) of this subtitle;

29 (4) the status of programs, projects, activities, and investments
30 implemented with funds from the Fund, including an evaluation of the impact of the

1 programs, projects, activities, and investments that are directed to low-income or
2 moderate-income residential sectors or to other particular classes of ratepayers;

3 (5) an estimate of [electricity savings] **GREENHOUSE GAS EMISSIONS**
4 **REDUCTIONS** from the programs, projects, activities, and investments;

5 (6) the number of allowances sold in each auction;

6 (7) the average allowance price from each auction;

7 (8) an estimate of revenue from future auctions;

8 (9) an accounting of all amounts received or disbursed by the Fund from
9 all other sources, including money received in accordance with orders issued and settlement
10 agreements approved by the Public Service Commission;

11 (10) recommendations for changes to the allocation of funds under §
12 9-20B-05(g) of this subtitle;

13 (11) the status of programs and expenditures in the current fiscal year; and

14 (12) possible or expected program initiatives and changes in later years.

15 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
16 1, 2026.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.