


# Worksession

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| <b>Agenda Item #</b> | 8  |
| <b>Meeting Date</b>  | September 15, 2008   |
| <b>Prepared By</b>   | Suzanne Ludlow, <br>Deputy City Manager |
| <b>Approved By</b>   |  |

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| <b>Discussion Item</b> | Discussion of Proposed State Legislation   |
| <b>Background</b>      | <p>Each year, the City Council identifies legislation it would like to promote or support in the upcoming Legislative Session of the Maryland General Assembly. The bill deadline for submission of local bill requests (for Montgomery County or Bi-County legislation) is September 17. We have already submitted our Legislative Action Request to the Maryland Municipal League on protecting/enhancing municipal resources. Requests for other non-local legislation may be submitted in January.</p> <p>At its worksession on September 8, 2008, City Councilmembers identified a number of possible bill requests that the City may wish to pursue this Session. Staff has reviewed the proposed bills to see which might be most appropriate to be submitted as local legislation. Just Cause Eviction was submitted as local legislation last year. Councilmember Clay will be contacting representatives of District 20 to see what their thoughts are about pursuing the bill as local legislation again this Session. Local legislation requests must be submitted through a legislator by Tuesday, September 17.</p> <p>The legislation suggested by members of the City Council at the meeting on September 8 is as follows:</p> <p><i>Authorization to pay utility bills when a landlord does not pay.</i> Staff had recommended legislation that would authorize tenants to pay utility bills when landlords are unable or refuse to pay the bills. Councilmember Clay recommended legislation that would allow a city or county to pay the utility bills and place a lien on the property. In researching this issue, it was learned that Takoma Park and Montgomery County have paid utility bills in the past, to prevent evictions from condemnation. Staff is interested in continuing to research solutions to the problem; some ideas include speeding up the processes involved in setting up escrow accounts, and considering receivership legislation.</p> <p><i>Just Cause Eviction.</i> Legislation was submitted by the City last year which would identify the times when non-renewal of a residential lease would be permissible; otherwise, a landlord would be required to renew a lease with a tenant at the end of the lease period. Unfortunately, the bill was misinterpreted as a means to subject all of Montgomery County to rent control. Under current law, retaliation for reporting code violations is prohibited, but the landlord need only wait six months and then not renew a lease in order to remove the tenant.</p> <p><i>Require mortgage brokers to use the property tax rate a new owner would face when qualifying potential purchasers for a mortgage.</i> Staff is looking to see if legislation passed last year adequately addresses this issue, or if a refinement is needed. A</p> |

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|                              | <p>summary of the legislation passed last Session is attached.</p> <p><i>Review fines and fees for items such as speeding tickets or smoking violations to ensure they are high enough to ensure compliance; have the funds from the fines and fees come back to the entity doing the enforcement.</i> Staff notes that this could be part of the proposed MML priority issue on preserving and enhancing municipal resources. More specific legislation could be proposed if the Council so desires.</p> <p><i>Use State bond bill funds to pay for environmental improvements to individual residential properties.</i> Research will be needed as to the legal issues related to this item. Staff can look at the provisions Berkeley used related to solar panels. Information on the Green Building Tax Credit is attached.</p> <p><i>Municipal electrical aggregation; ask the State to make Takoma Park a model for opt-out aggregation.</i> Staff notes that the idea of creating pilot municipal aggregation efforts had been considered possible two years ago. Then the Public Service Commission was overhauled and the aggregation efforts stalled. Staff will consult with MML staff as to the possibility of a pilot program at this time, either through legislation or another process.</p> <p>Staff is looking for direction from Council as to which items to pursue as local legislation and which items to continue to do research on for submission at a later time.</p> |
| <b>Policy</b>                | The Takoma Park City Council identifies and advocates for legislation that is beneficial to the City of Takoma Park.   |
| <b>Fiscal Impact</b>         | n/a  |
| <b>Attachments</b>           | Summary of Mortgage Foreclosure Legislation; Green Building Tax Credit Overview  |
| <b>Recommendation</b>        | Identify legislation to be pursued.  |
| <b>Special Consideration</b> | A Request for Proposals for an Intergovernmental Representative/Advocate to help lobby on behalf of the City of Takoma Park was issued on September 4. Proposals are due September 18, 2008.   |

- Warn Log would increase by \$10,900 in FY 2009 and \$16,200 in FY 2013.

- Veteran Services **Workforce Development**

- Agricultural Employers & Workers No "departmental" bills were introduced for the Division of Workforce Development. However, considerable time and effort went into the passage of the Administration's Adult Education bill, SB 203. More information on SB 203 is detailed in the section below: Administration Bills of Interest.

- Disability Services **Administration Bills of Interest**

- Unemployment Insurance **Adult Education**

- Information for Claimants **DLLR - CONSOLIDATION OF WORKFORCE DEVELOPMENT FUNCTIONS - TRANSFER OF ADULT EDUCATION AND LITERACY SERVICES AND EDUCATION PROGRAMS FOR CORRECTIONAL FACILITIES - SB 203\***

- Information for Employers This law transfers the administration of adult education and literacy services and correctional education to DLLR on July 1, 2009. A Workforce and Adult Education Transition Council will create a plan for a smooth transition and will report its plan to the General Assembly December 31, 2008. The transition Council will also draft a new State Plan for Adult Education. The alignment of adult education and literacy programs with our workforce one-stop system will allow Maryland to expand adult education programming and meet the workforce needs of Maryland's employers. This new alignment will serve more people through more programs; create synergies between our workforce one-stop system, community colleges, nonprofit providers, state agencies and the business community; ensure a stronger evaluation component for adult education programs and provide career development opportunities for adult education instructional and administrative staff.

- UI Appeals

- Maryland New Hire Registry **Mortgage Foreclosures**

- Racing *Governor O'Malley introduced and the General Assembly passed a comprehensive package of bills to address the causes underlying the drastic rise in foreclosures in Maryland. Key legislative reforms include banning pre-payment penalties for mortgage loans, requiring and verifying a borrower's ability to repay a loan, and strengthening mortgage licensing requirements, including increasing the surety bond requirement and instituting a minimum net worth requirement for mortgage lender licensees.*

- Racing Commission

- Race Tracks **CRIMINAL MORTGAGE FRAUD PROTECTION ACT - HB360 / SB217\***

- Simulcast Betting Facilities This bill creates a criminal mortgage fraud statute and provides for fines and penalties for anyone who commits mortgage fraud in Maryland. The bill gives a private right of action to victims of mortgage fraud and provides for the forfeiture and restitution of property involved in the fraud.

- Simulcast Betting Facilities **PHIFA ENHANCEMENT - HB361 / SB218\***

- Simulcast Betting Facilities By adjusting a law previously passed by the General Assembly, this bill bans foreclosure rescue transactions in Maryland and provides consumer protections for homeowners in default on their mortgages

- when they must sell their properties.

- Minutes of Public Meetings

- Law & Regulations

- Multi-Jurisdictional License

- Financial Regulation

- Staff

- Banks & Credit Unions

- Consumer Credit

- Financial Regulatory Electronic Licensing

- File a Complaint

- Mortgage Lenders Continuing Education

- Disciplinary Actions

- Mortgage Servicer Reporting

### **MORTGAGE LENDING REFORM - HB363 / SB270\***

This law bans prepayment penalties for mortgage loans and requires lenders and brokers to verify a homebuyer's ability to repay a loan. The bill authorizes the Commissioner to participate in developing and implementing a multi-state automated licensing system for mortgage lenders and mortgage originators. It also strengthens the qualifications necessary to obtain a mortgage lender's license in Maryland.

### **FORECLOSURE PROCESS - HB365 / SB216\***

Under this law, a lender may not file a foreclosure action on a residential property until 90 days after default. A notice of intent to foreclose but be sent to the homeowner 45 days before filing the foreclosure action, and the Commissioner must be notified when a notice is sent. The bill also requires personal service to the homeowner when a foreclosure action is filed, and dictates that a foreclosure sale may not occur until at least 45 days after service. The homeowner has the right to cure a default and reinstate the loan at any time up to one business day before a foreclosure sale occurs by paying all past due payments, penalties, and fees.

### **Impact Bills**

*In addition to the Administration bills of interest and DLLR departmental bills, there are a number of other bills that have implications for DLLR. These "impact" bills are highlighted below.*

### **Apprenticeship and Training and Adult Education**

#### **CORRECTIONAL SERVICES - MARYLAND CORRECTIONAL ENTERPRISES - CONSTRUCTION SERVICES - TRAINING- HB 744\***

The Commissioner of Correction at the Department of Public Safety and Correctional Services must develop training programs to provide construction and construction-related services for State correctional facilities. This bill has no direct impact on DLLR, but DLLR should ensure that these efforts are tied into the apprenticeship and workforce development systems.

#### **STATE DEPARTMENT OF EDUCATION - ADULT EDUCATION AND FAMILY LITERACY SERVICES - SB 773\***

The State Department of Education must compile an annual county-by-county list -- of adult education and family literacy services offered to the public. With the transfer of Adult Education, DLLR will be required to compile this list annually.

### **BRAC**

#### **HIGHER EDUCATION INVESTMENT FUND - EXPENDITURES - BASE REALIGNMENT AND CLOSURE PROCESS - HB 704\***

Under this bill, initiatives addressing higher education needs related to BRAC will be eligible for funding from

**Maryland Energy Administration  
Green Building Tax Credit  
Overview**

The Green Building Tax Credit provides a credit against a taxpayer's personal or corporate income tax. The credit varies from 6-8 percent of total allowable construction costs for a building that meets specified green building standards. The current standard is LEED based. In the future, as new standards become available, the Energy Administration will incorporate those standards, along with future editions of LEED, into the tax credit program.

The Energy Administration will begin accepting applications on a first come, first served basis. Upon receiving the application the Energy Administration will notify you within 60 days of receipt.

**Green Building Tax Credit  
Frequently Asked Questions**

**How will the tax credit be allocated?**

The tax credit will be awarded based upon date of receipt given that the building meets the specified requirements.

**What if two or more applications are received on the same day?**

Applications received on the same day will be considered simultaneously. This means that the actual time that they are received on a given business day will not matter.

**How will you allocate simultaneous applications?**

Simultaneous applications will be allocated in a pro-rated manner based on total cost.

**What happens if my application is considered incomplete?**

You will be notified of such, and you may apply again at any time. You do not forfeit your place in line.

**What if I need an extension?**

A request for an extension shall be submitted to the Energy Administration. The request must document the reason/s for the extension. The Energy Administration will, upon demonstration of reasonable cause, at its discretion, approve an extension of up to 1 year.

**Can my design change after I have submitted my application?**

Yes, provided you still meet the minimum requirements for qualification, the final design and construction of the building may change. If at any point, the Energy Administration does not believe the building, as currently designed, will meet the requirements of the tax

credit, may request updated architectural and engineering documents. If the documents fail to demonstrate the building meets the minimum requirements or if the owner of the Initial Credit Certificate does not provide the documentation in a timely manner, the Energy Administration, at its discretion, in writing, may revoke the Initial Credit Certificate.

**If I've submitted my application and I can't reach the standard for the 8% credit, can I take the 6% credit?**

Yes.

**How will you evaluate "Innovation Credits?"**

An internal review team will approve innovation credits. If you need the credit to meet the minimum number of credits for LEED Silver, you may want to consider setting up a meeting with the Energy Administration to discuss your idea.

**What level of documentation do I need to keep?**

A thorough set of documents should be kept. A basic amount of documentation is needed for the final submission package upon the completion of construction. Additionally, should a question arise about the application, the applicant may be asked to provide additional documentation. Failure to provide documentation may disqualify you from the tax credit.

**What level of documentation do I need to submit with the Eligibility Certificate?**

The Eligibility Certificate should be accompanied by the Project Checklist. For each point that is being claimed there should be a narrative describing how that point was earned. The more thorough the accompanying documentation, the easier it will be for MEA to make a determination on the point. Additionally, the applicant must submit document detailing total cost, prepared by a Certified Public Accountant. Receipts and invoices need not be included but should be on record should verification be necessary.

**Do I need to be "certified" by the US Green Building Council to qualify?**

No, you must only meet the criteria in the standard.

**What if the Energy Administration does not believe the building has been constructed in accordance with the standards, but the developer does?**

In the case of a dispute, the applicant may seek third party verification through the USGBC's certification process. Should the USGBC certify the building, the Energy Administration will honor that finding. Therefore, it is important to keep a comprehensive documentation file.

**What happens if I don't have the tax liability in a given year to claim the full amount of my credit?**

You may continue to take your allocated portion for a total of ten years or until you have claimed the full portion, whichever comes first.

**What happens if the building goes out of service?**

If the building goes out of service, you may not claim the tax credit in that given year. You may continue to claim the credit when the building goes back into service.

**What happens if the legislature rescinds the tax credit?**

If you have received your initial credit certificate the Comptroller will likely honor the tax credit if all standards are met in association with that credit. For further guidance please contact the Comptroller's Office or your tax attorney.

**Can I use another set of green building criteria to qualify for the tax credit?**

At this time only LEED Version 2.0, 2.1 and the LEED Existing Building Pilot can be used for the tax credit. As new applicable standards become available we will include them for use with the tax credit.

**My building isn't 100 percent leased. Can I still qualify for the whole building tax credit?**

As long as at least 50 percent of the tenant space is finished the building will qualify for the whole building tax credit, regardless of the percentage of the building actually leased.

For any Initial Credit Certificate issued after January 1, 2008, a whole building must include 100 percent completed tenant space to qualify for the whole building tax credit.

**How do I find out if my building is in a Priority Funding Area (PFA)?**

Contact the Maryland Department of Planning or visit their website ([http://www.mdp.state.md.us/pfa\\_imf.htm](http://www.mdp.state.md.us/pfa_imf.htm)).

**Is LEED the only standard that qualifies for the tax credit?**

At this time LEED is the only standard used for the purpose of the tax credit. As new standards become available they will be incorporated for use with the tax credit. You may submit at new standard to the Maryland Energy Administration for review.