# THE PRINCE GEORGE'S COUNTY GOVERNMENT

## Office of Audits and Investigations


September 13, 2022

**FISCAL AND POLICY NOTE**

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin
Director of Budget and Policy Analysis

FROM: Alex Hirtle
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-075-2022 Clean Energy Loan Program

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**CB-075-2022** (*proposed by*: Council Members Franklin, Hawkins, Medlock, Streeter, and Taveras)

Assigned to Government Operations and Fiscal Policy Committee (GOFP)

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AN ACT CONCERNING CLEAN ENERGY LOAN PROGRAM LOCAL BUSINESS OPPORTUNITIES for the purpose of increasing local business economic opportunities in the Clean Energy Loan Program.

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**Fiscal Summary**

**Direct Impact:**

*Expenditures:* None known.

*Revenues:* Potentially positive.


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**VOICE (301) 952-3431; FAX (301) 780-2097; TDD (301) 925-5167**

**Indirect Impact:**

Potentially positive.

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**Legislative Summary:**

CB-075-2022, sponsored by Council Members Franklin, Hawkins, Medlock, Streeter, and Taveras, was presented on July 12th, and referred to the Government Operations and Fiscal Policy Committee (GOFP). The Bill changes the eligibility requirements for the Clean Energy Loan Program by mandating that the property owner agrees to spend at least 50% of total costs incurred on the energy efficiency and clean energy improvement contracts with County-based minority business enterprises, as defined in Subtitle 10A of the Code, and Locally-owned and Operated Businesses. Also, at least 35% of total spending must be with County-based minority business enterprises, or a Locally-Owned and Operated Business, defined as a business whose headquarters and principal place of business is within Prince George's County and has more than 50% ownership by one or more county residents.

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**Current Law/Background:**

The Bill stems from the County's Clean Energy Loan Program, based on CB-029-2018. It amends wording from Subtitle 10, Section 10-319 of the County Code. This legislation amends the text to make the requirement of using local and County-based minority businesses more stringent for those that utilize this program.

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**Resource Personnel:**

Brendon Laster, Chief of Staff, At-Large Council Member Franklin

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**Discussion/Policy Analysis:**

The Clean Energy Loan Program was established to assist property owners to access finance for qualifying energy efficiency and clean energy improvements for their buildings through loans from provided lenders.

The program originally required that a lender "utilize best efforts" to spend a minimum of 35% of the total costs on locally owned and minority businesses. The proposed Bill would mandate the spending with local businesses (instead of making a best effort) and increases the amount to 50%. The other mandate is that at least 35% of the total spent, through the loan, is spent on a local owned or County-based minority business, in which this definition has been re-defined, which includes ownership of the business must be at least 50% with one or more owners living in the County.

The legislation seeks to increase the use of businesses within the County, with majority ownership by residents within the County through this program, to help develop and spur economic development through specific enterprises. This is a sound policy for local business growth assuming that: (a) there is sufficient demand for the program and eligible patrons are using the services; (b) there is an adequate number of qualified businesses (local and minority) that are able to meet the demand of the patrons; and (c) there are the proper forums and platforms in place to inform new businesses to keep the program sustainable. However, increasing the requirements in this way may ultimately decrease participation in the Clean Energy Loan Programs if the local business service providers are inadequate or substantially more expensive.

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**Fiscal Impact:**

- *Direct Impact*

Enactment of CB-075-2022 will not have any known adverse impact on the County. The program is run through FSC First and would not directly affect the County in fiscal terms.

- *Indirect Impact*

Enactment of CB-075-2022 could have a positive indirect impact by increasing the number and size of local and minority businesses through the increased stringent requirements of the legislation, increasing demand of these local businesses and services.

- *Appropriated in the Current Fiscal Year Budget*

N/A.

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**Effective Date of Proposed Legislation:**

The proposed Bill shall be effective forty-five (45) calendar days after it becomes law.

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If you require additional information, or have questions about this fiscal impact statement, please reach out to me via phone or email.