

## **Condominiums' Common Elements and Clean Energy Act (HB 101)**

**This bill would change certain requirements of the Maryland Condominium Act to make it easier for condominium associations to install solar panels and other clean energy equipment, which will help Maryland meet its carbon reduction goals.**

### **Background:**

Leasing equipment, such as solar panels, allows condominium associations to access clean energy without a large upfront cost. Additionally, nonprofits like condominium associations have traditionally only been able to benefit from federal tax credits through leasing rather than ownership. Congress, in the IRA, updated this law to allow condominium associations to receive federal tax credits through direct payment, but the mechanics of such remain unclear until the IRS issues a rulemaking on the matter.

Unfortunately, the Maryland Condominium Act (MCA) sets a high threshold for leasing such equipment. MCA's Section 11-125 requires extensive notifications to mortgage holders and, before entering into leases, 2/3rds of owners and all mortgage holders must grant approval. The law also does not clearly define "utility" to include clean energy equipment.

### **The Solution:**

This bill revises the MCA to facilitate leasing clean energy equipment by:

- lowering the threshold of owner approval to 51%,
- allowing the option for approval by a condominium's Board of Directors after meeting certain conditions of the MCA, and
- removing the requirements for mortgage holders to approve the lease of clean energy equipment.

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### **For more information please contact:**

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