## 2009 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION

Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2181 STATUS: Original

**SUBJECT:** Allows for creation of local improvement districts to provide property owners with access

to energy efficiency improvement loans

**GOVERNMENT UNIT AFFECTED:** Department of Energy, Housing and Community Services, and

local government

**PREPARED BY:** Dawn Farr **REVIEWED BY:** Michelle Deister

**DATE:** February 25, 2009

2009-2011 2011-2013

## **EXPENDITURES:**

See comments below.

## **REVENUES:**

See comments below.

**EFFECTIVE DATE:** January 1, 2010.

**GOVERNOR'S BUDGET:** This bill is not anticipated by the Governor's recommended budget.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**ANALYSIS:** The bill establishes provisions for local government to create local improvement districts to provide property owners with financing for energy efficiency and renewable energy improvements; allows local government to assess fees to loan recipients to cover costs; directs State Department of Energy (DOE) and House and Community Services Department (HCS) to work together to establish rules related to energy efficiency improvements; allows DOE to lend monies under the Small Scale Energy Loan Program (SELP); and, restricts loans provided to local government to one-half of one percent of the assessed value of taxable real property within the jurisdiction.

While the bill is filed at the request of the Governor for the DOE, there is no associated policy option package in the Governor's recommended budget. DOE indicates that the bill's rule making requirement is expected to have a minimal fiscal impact and can be absorbed with existing resources. At this time, DOE has no way of knowing how many local improvement districts might be formed and what the related SELP Non-limited Other Fund loan needs might be. SELP is limited each biennium by how much it can issue in bonds. The limit for the 2007-09 biennium was \$150 million, of which \$57 million has been issued to date. If SELP were to approach its bonding limit for a given biennium, the DOE would need to return to the Emergency Board to request a new limit.

HCS indicates that coordinating with DOE on rulemaking is expected to have a minimal impact and can be absorbed within existing resources.

The League of Oregon Cities anticipates no fiscal impact associated with the bill as the language is permissive and the bill includes provisions for cost recovery.