

House Bill 4041

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Energy and Environment)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Expands energy improvement program by authorizing local governments to facilitate private financing of energy improvements by property owners.

Modifies definition of "qualifying real property" to exclude single-family residential dwellings.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to the facilitation of financing for energy improvements by local governments; amending
3 ORS 223.396; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 223.396 is amended to read:

6 223.396. (1) As used in this section:

7 (a) "Energy improvements" means energy efficiency and renewable energy improvements to
8 qualifying real property authorized by:

9 (A) A local government implementing a program established under [*subsection (2) of*] this section;

10 or

11 (B) The State Department of Energy for a loan issued under subsection (9) of this section to a
12 local government that establishes a program in cooperation with a local government described in
13 subparagraph (A) of this paragraph.

14 (b) "Local government" means cities and counties.

15 (c) "Qualifying real property" means [*single-family or*] multifamily residential dwellings or com-
16 mercial or industrial buildings that the local government has determined can be benefited by energy
17 improvements.

18 (2)(a) Subject to subsection (3) of this section, a local government may establish a program to
19 [*make loans to*] **assist** owners of record of qualifying real property [*for the purpose of paying for*] **in**
20 **financing** cost-effective energy improvements to the qualifying real property.

21 **(b) A program established pursuant to this subsection may provide for the local govern-**
22 **ment to:**

23 **(A) Make loans to owners** financed with the net proceeds and interest earnings of revenue
24 bonds authorized by **subsection (8) of** this section[.];

25 **(B) Facilitate private financing by the owners; or**

26 **(C) Make loans under subparagraph (A) of this paragraph and facilitate private financing**
27 **under subparagraph (B) of this paragraph.**

28 (3) Before establishing a program under this section, the local government shall provide notice
29 to utilities that distribute electric energy or natural gas within the areas in which the local gov-
30 ernment will operate the program.

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 (4) A local government that establishes a program under this section may:

2 (a) Require performance of an energy audit on the qualifying real property before the local

3 government approves a loan for energy improvements to the property;

4 (b) Impose requirements intended to ensure that the [*loan is consistent with the purpose of the*

5 *program*] **costs of the improvements financed under this section do not exceed the cumulative**

6 **energy cost savings of the improvements over the useful life of the improvements;** and

7 (c) Impose requirements and conditions on loans **or financing agreements** that are designed

8 to ensure timely repayment [*of the loans*].

9 (5)(a) If the owner of record of qualifying real property requests [*a loan*] **financing pursuant**

10 **to a program established** under this section, the local government implementing the program may:

11 [(a)] (A) Enter into a loan agreement with the owner, and any other person benefited by the

12 loan[.]; **or**

13 (B) **Facilitate a financing agreement for the owner, and any other person benefited by the**

14 **financing.**

15 (b) **A loan agreement or financing agreement entered into pursuant to paragraph (a) of**

16 **this subsection must be** in a principal amount sufficient to pay:

17 (A) The costs of energy improvements the local government determines will benefit the qualify-

18 ing real property and the borrowers;

19 (B) The costs of the energy audit; and

20 (C) The costs and reserves of the program.

21 [(b)] (c) **A local government acting pursuant to paragraph (a) of this subsection may:**

22 (A) **If the local government makes a loan,** charge the borrower an interest rate on the

23 principal amount that is sufficient to pay the financing costs of the **loan** program, including loan

24 delinquencies[.]; **and**

25 [(c)] (B) Charge periodic fees to pay for program costs.

26 (6) The local government implementing [*the*] **a program** [*that lends money for qualifying real*

27 *property*] **established under this section** may:

28 (a) Secure [*the*] **a loan or financing** with a lien on the benefited qualifying real property in the

29 manner and with the same priority as a lien for assessments for local improvements authorized by

30 ORS 223.393.

31 (b) Assess the benefited qualifying real property for the amounts due under a loan agreement

32 **or financing agreement.**

33 (c) Enforce a lien and collect an assessment authorized by this section as provided in ORS

34 223.505 to 223.650.

35 (d) Secure a loan **or financing** in any other manner that the local government determines is

36 reasonable.

37 (7)(a) In lieu of enforcing liens and collecting assessments as provided in subsection (6) of this

38 section, a local government may certify the assessment, in the manner provided in ORS 310.060, to

39 the county assessor of each county in which benefited qualifying real property is located.

40 (b) If the assessments are certified as provided in this subsection, the county assessor shall:

41 [(a)] (A) Enter the assessment upon the county assessment roll against the property described

42 in the certificate, in the manner that other local government assessments are entered;

43 [(b)] (B) Collect, account for and enforce the assessments in the manner that local government

44 taxes are collected, accounted for and enforced; and

45 [(c)] (C) Transfer, as provided by law, the assessments collected to the local government that

1 imposed the assessment.

2 (8) A local government may issue revenue bonds pursuant to ORS 287A.150 to finance
3 [*program*] **the costs of a program established under this section**, including the costs of making
4 loans for energy improvements.

5 (9) The State Department of Energy may lend money under the provisions of ORS 470.060 to
6 470.080 and 470.090 to a local government that establishes a program under this section in cooper-
7 ation with a local government implementing a program under this section.

8 **SECTION 2. This 2014 Act being necessary for the immediate preservation of the public**
9 **peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect**
10 **on its passage.**

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