

## HB 3241 -2 STAFF MEASURE SUMMARY

### House Committee On Energy and Environment

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**Meeting Dates:** 4/11, 4/12

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#### WHAT THE MEASURE DOES:

Includes single-family dwellings as qualifying property for purposes of local government programs for financing energy improvements and seismic rehabilitation. Provides that lien securing loan or financing entered into or facilitated with respect to single-family dwelling has priority over all other liens and encumbrances other than lien securing first mortgage loan.

#### ISSUES DISCUSSED:

##### EFFECT OF AMENDMENT:

-2 Replaces measure with exception of the removal of an inaccurate statutory reference. Authorizes local government to establish programs to assist owners of single-family dwellings in financing cost-effective seismic rehabilitation or utility improvements including: energy efficiency, renewable energy, energy storage, smart electric vehicle charging stations and water efficiency. Authorizes local government implementing programs to: either enter into loan agreement with the owner; or facilitate a financing agreement for the owner. Prohibits local government from assisting homeowner if property taxes are delinquent, liens are being foreclosed, or owner is seeking relief from creditors under bankruptcy laws. Requires loan or financing agreement to be in a principal amount that is sufficient to pay costs of improvements and costs and reserves of the program; prohibits agreement from exceeding 20 percent of the real market value of the single-family dwelling; and when added to any mortgage debt principal outstanding does not exceed the real market value. Authorizes local government to charge an owner who receives assistance to charge a fee that is equal to the greater of one percent of the amount financed or the actual costs incurred by the assessor of the county in administering financing. Requires fees collected charged and collected to be expended solely for the operations of the county assessor. Authorizes local governments to issue revenue bonds to pay for programs. Requires a local government that establishes such a program adopt consumer protection standards informed by the Best Practice Guidelines for Residential PACE Financing Programs. Authorizes Oregon Department of Energy to provide loan through Small Scale Local Energy Loan Program to local government for local government program to assist owners of single-family dwellings in financing cost-effective utility improvements.

*REVENUE: No revenue impact*

*FISCAL: May have fiscal impact, but no statement yet issued*

#### BACKGROUND:

According to the U.S. Department of Energy's Office of Energy Efficiency & Renewable Energy, a property-assessed clean energy (PACE) model is a mechanism for financing energy efficiency and renewable energy improvements on private property. PACE programs allow local governments, state governments, or other inter-jurisdictional authorities to fund the up-front cost of energy improvements on commercial and residential properties, which are paid back over time by the property owners. PACE financing for clean energy projects is generally based on an existing structure known as a "land-secured financing district," often referred to as a local improvement district. This financing structure allows a property owner to implement improvements without a large up-front cash payment.

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Property owners who voluntarily choose to participate in a PACE program repay their improvement costs over a set time period through property assessments, which are secured by the property itself and paid as an addition to the owner's property tax bills. Nonpayment generally results in the same set of repercussions as the failure to pay any other portion of a property tax bill.

House Bill 3241 would authorize a local government to establish programs to assist owners of a single-family dwelling in financing cost-effective seismic rehabilitation or utility improvements including: energy efficiency, renewable energy, energy storage, smart electric vehicle charging stations and water efficiency.