

HB 2132 STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

Prepared By: Patrick Brennan, LPRO Analyst

Meeting Dates: 5/24

WHAT THE MEASURE DOES:

Expands purposes for which improvements can be made under local government financing program to include energy storage, smart electric vehicle charging stations, and water efficiency. Clarifies that any unpaid final assessments are a lien on each lot or parcel of land in favor of local government and have priority over all other liens and encumbrances. Takes effect on 91st day following adjournment sine die.

FISCAL: Minimal fiscal impact

REVENUE: No revenue impact

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

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. 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. In 2009, the Legislature enacted House Bill 2626 which authorized a local government to establish a PACE program to make loans to the owners of single-family or multifamily residential dwellings or commercial or industrial buildings for the purpose of paying for energy efficiency or renewable energy improvements. In 2015, the Legislature created a similar authorization to be used for seismic rehabilitation with the passage of Senate Bill 85.

House Bill 2132 expands the purposes that improvements can be made through the PACE program to include energy storage, smart electric vehicle charging stations, and water efficiency and clarifies that any unpaid final assessments are a lien on each lot in favor of the local government and have priority over all other liens and encumbrances.

HOUSE VOTE: 53-2