

HB 2132 STAFF MEASURE SUMMARY
House Committee On Energy and Environment

Carrier: Rep. Reschke

Action Date: 03/29/17
Action: Do Pass.
Vote: 8-0-1-0
Yeas: 8 - Barnhart, Bentz, Boone, Helm, Holvey, Johnson, Power, Smith DB
Exc: 1 - Reschke
Fiscal: Has minimal fiscal impact
Revenue: No revenue impact
Prepared By: Beth Reiley, LPRO Analyst

WHAT THE MEASURE DOES:

Expands purposes for which improvements may 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.

ISSUES DISCUSSED:

- Economic benefit of packaging infrastructure changes
- Ability to leverage public and private resources to increase building resiliency
- Structure modeled after local improvement districts which have typically been used for sidewalk and street lighting upgrades, and for water infrastructure upgrades in irrigation districts.

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 would expand 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.

This Summary has not been adopted or officially endorsed by action of the committee.