

HB 3241 A STAFF MEASURE SUMMARY
House Committee On Energy and Environment

Carrier: Rep. Marsh

Action Date: 04/17/17
Action: Do pass with amendments. (Printed A-Eng.)
Vote: 5-4-0-0
Yeas: 5 - Barnhart, Helm, Holvey, Marsh, Power
Nays: 4 - Bentz, Johnson, Reschke, Smith DB
Fiscal: Has minimal fiscal impact
Revenue: No revenue impact
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WHAT THE MEASURE DOES:

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 that loan or financing agreement be for 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 that when principal amount is added to any mortgage debt, the principal outstanding does not exceed the real market value. Authorizes local government to charge an owner who receives assistance 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 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 to 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.

ISSUES DISCUSSED:

- Residential Property-Assessed Clean Energy programs in other states
- Effect of seismic and utility improvements on value of home
- Order of priority for liens

EFFECT OF AMENDMENT:

Replaces measure, with exception of the correction of an inaccurate statutory reference.

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

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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. Under current law, a local government is authorized to establish a PACE program to make loans to the owners of multifamily residential dwellings, commercial or industrial buildings for the purpose of paying for energy efficiency, renewable energy improvements and seismic rehabilitation.

House Bill 3241A 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.