



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 234

PRINTERS NO. 1443

PRIME SPONSOR: Blake

COST / (SAVINGS)

FUND	FY 2017/18	FY 2018/19
Local Funds	\$0	\$0

SUMMARY: This legislation creates the Property Assessed Clean Energy Program (PACE) to finance energy/conservation projects via assessment. This legislation would take effect in 60 days.

ANALYSIS: This legislation amends Title 12 (Commerce and Trade) to add a chapter authorizing municipalities or counties to establish, by resolution or ordinance, a property assessed clean energy program (PACE), defined as a means of financing clean energy projects, water conservation projects or alternative energy systems in a district through an assessment.

Establishment of the Program: A municipality or county may adopt an ordinance or resolution to establish a program, define the district and provide other operational standards and guidelines.

A county that establishes a program must notify any municipality that may be in the district of their possible inclusion, before the county resolution is approved.

Notice to Lien Holder: Before property may be subject to an assessment under the program and begin local financing or owner financing, the following shall occur:

- Any financial institution holding a lien, mortgage or security interest in the property must be given written notice of the owner's intention to participate in the program and acknowledge in writing to the owner and municipality or county that they have received such notice.
- Any financial institution required to be given notice must provide written consent to the property owner and municipality or county that the property may participate in the program.

Scope of Work: A program shall require a scope of work, energy or water usage baseline and the projected saving in energy or water usage in order to establish the viability of the qualified project. After the project is completed, the municipality or county shall obtain verification from the property owner and from an inspector or building code official that the project was properly completed.

Notice: A municipality or county that establishes a program shall post online and make available to the public a notice for each project financed through an assessment. The notice must contain information on the property, the amount of the project, the assessment to satisfy the bond, a reference to the assessment lien and the financing rate of the bond.

Lien: An assessment, including past due amounts and required future payments and any interest or penalties on the assessment:

- Shall be a first and prior lien against the property
- Shall have the same priority status as a lien for any other tax imposed by a Commonwealth agency, municipality or county
- Must be recorded with the title until the lien is discharged
- May be discharged, compromised or abated in the same manner as delinquent property tax obligations.

The lien runs with the land and that portion of the assessment under the assessment contract that has not yet become due is not eliminated by foreclosure of a property tax lien. The assessment lien may be enforced by the municipality or county in the same manner that a property tax lien against property may be enforced. Delinquent installments of the assessment incur interest and penalties in the same manner as delinquent property taxes. A municipality or county may recover costs and expenses, including attorney fees, for delinquent payments.

Collection of Assessments: The governing body of a municipality or county is required to collect assessments using its present tax collection process and remit for payment of the local financing or owner financing. Proceeds may only be used to fund local financing or owner financing and lasts only for the term of the financing.

Bonds: Local financing or owner financing may be used to issue bonds for qualified projects. The bonds issued may not be general obligations of the municipality or county. Funds generated from the issuance of bonds may only be used for the following purposes:

- Design, engineering and project development costs of the project
- Infrastructure related to the project
- Purchase and installation cost of any equipment for the project
- Payment of normal and customary issuance and closing fees of the bond
- Normal and customary administrative fees necessary to continue operations of the municipal/county financing agency

Joint Implementation: Municipalities and counties may agree to jointly implement or administer this program.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth or local funds as the legislation provides municipalities or counties with the option to establish a property assessed clean energy program which does not require the use of any existing public funds.

PREPARED BY: Tim Rodrigo
House Appropriations Committee (R)

DATE: May 22, 2018

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.