



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

SENATE BILL NO. 635

PRINTERS NO. 1125

PRIME SPONSOR: Yudichak

### COST / (SAVINGS)

FUND	FY 2021/22	FY 2022/23
Local Funds	\$0	\$0

**SUMMARY:** Amends Title 12 (Commerce and Trade) to expand the Property-Assessed Clean Energy Program (C-PACE). This legislation would take effect in 60 days.

**ANALYSIS:** This legislation amends the C-PACE program under Title 12 by replacing the term “real property” with “qualifying commercial property” throughout the Act.

Under the legislation, the new term “qualifying commercial property” is defined as any real property that is an agricultural, commercial or industrial land or building, owned by an individual, partnership, limited liability corporation, corporation or nonprofit. The term does not include any residential property except for commercial multifamily rental property or mixed-use property that contains no fewer than five residential units.

In addition, the legislation also defines the term “indoor air quality” and “resiliency improvement” and includes these improvements in the terms of a qualified project for the program.

The legislation clarifies that the assessment cannot be accelerated or extinguished until fully repaid, as part of the lien that runs with the land.

A municipality or county can use the provisions of the Municipal Claim and Tax Lien Law or the Real Estate Tax Sale Law for the purposes of collecting any delinquent installments of assessments.

Program funds may not be used directly or indirectly to construct, renovate or improve a residential unit. A property financed with an assessment, upon conveyance to a third party, is no longer a qualifying commercial property, and will have the assessment immediately discharged upon conveyance by the payment of the principal amount financed, accrued interest, other charges and any prepayment penalty.

The assessment is made only upon the property whose owner has executed a written agreement with the governing body agreeing to the assessment and the entity providing financing for the qualified project. The entity providing financing for the project may require the property owner to escrow or otherwise provide for maintenance, repairs and insurance of the project during the assessment. An owner or subsequent purchaser of a property may pre-pay the total assessment and upon pre-payment the assessment will be released.

**FISCAL IMPACT:** This legislation would have no adverse fiscal impact on Commonwealth funds.

Currently, there are 13 counties that have established a clean energy program and four counties that have passed resolutions and are in the process of establishing a clean energy program. The expansion of qualified projects enabled by this legislation would have no adverse fiscal impact on local funds as all projects pay an assessment that funds bond repayments.

**PREPARED BY:** Tim Rodrigo  
House Appropriations Committee (R)

**DATE:** June 28, 2022

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