Fiscal Estimate - 2011 Session

☒ Original   ☐ Updated   ☐ Corrected   ☐ Supplemental

LRB Number **11-3731/1**	Introduction Number **SB-425**

Description
Loans and repayment assistance by a political subdivision for energy and water improvements to premises and collection of the debt by special charge

Fiscal Effect

State:
☐ No State Fiscal Effect
☐ Indeterminate

☐ Increase Existing Appropriations
☐ Decrease Existing Appropriations
☐ Create New Appropriations

☐ Increase Existing Revenues
☐ Decrease Existing Revenues

☐ Increase Costs - May be possible to absorb within agency's budget
   ☐ Yes   ☐ No
☐ Decrease Costs

Local:
☐ No Local Government Costs
☒ Indeterminate

1. ☐ Increase Costs
   ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs
   ☐ Permissive ☐ Mandatory

3. ☐ Increase Revenue
   ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue
   ☐ Permissive ☐ Mandatory

5. Types of Local Government Units Affected
☒ Towns   ☒ Village   ☒ Cities
☒ Counties   ☐ Others
☐ School Districts   ☐ WTCS Districts

Fund Sources Affected
☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By	Authorized Signature	Date
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LRB Number 11-3731/1	Introduction Number SB-425	Estimate Type Original

Description
Loans and repayment assistance by a political subdivision for energy and water improvements to premises and collection of the debt by special charge

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the cost of certain services provided by a town, village, city, or county to a parcel or real property may be recovered through a special charge that is billed to the property owner on his or her property tax bill. In general, special charges are not payable in installments.

Under current law, a town, village, city, or county may make loans to property owners for the installation of improvements that enhance the efficient use of energy or water. These loans are part of a program known as the "PACE" program (for Property Assessed Clean Energy). Loan repayments under the "PACE" program may be recovered as a special charge, and the special charge may be collected in installments.

The bill adds several provisions to current law concerning loans under the PACE program. If a town, village, city, or county has made a PACE program loan that is recovered by a special charge payable in installments, the town, village, city, or county may allow a third party that has provided financing for the PACE program to collect the installments. If any such installment becomes delinquent, the amount due becomes a lien on the property. If a town, village, city, or county funds a PACE project that costs $250,000 or more, the town, village, city, or county must require that the facilities being financed will achieve a savings-to-investment ratio of greater than 1.0, or that the contractor for the project will pay the owner for any shortfall in savings. For PACE projects that cost less than $250,000, a town, village, city, or county may require a technical review of the projected savings.

Detailed information on special charges imposed by towns, villages, cities, or counties is provided to the Department of Revenue (DOR) on the annual "Statement of Taxes" that municipalities are required to file. A review of the forms filed for the 2010/11 property tax year showed that no municipality specifically reported levying for PACE loans as a special charge. However, if these PACE loans are being made through municipal-owned electric utilities or water utilities, any unpaid installments may be included with other unpaid utility charges that are recovered through special charges on the property tax roll. The data provided to DOR do not permit a breakdown of these unpaid utility charges into what generated them.

The annual financial report forms filed by towns, villages, cities, and counties do not identify the amount, if any, of PACE loans that the entity has made.

Based on the above, DOR is unable to reasonable project the potential effect of the bill on town, village, city, and county PACE loans. However, to the extent that no special charges for PACE loans were separately identified on the statement of taxes for the 2010/11 property tax year, the effect of the bill on special charges is expected to be minimal.

Long-Range Fiscal Implications