

Fiscal Estimate Narratives

DOA 2/17/2012

LRB Number	11-3972/1	Introduction Number	AB-0526	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

2011 AB 526 makes changes to provisions regarding the PACE (Property-Assessed Clean Energy) program. This program provides a financing structure that enables local governments to make loans to property owners for energy efficiency and renewable energy projects. Typically, the cost of such projects is paid via a special assessment on property owner taxes.

The bill changes the current provisions such that a local unit of government may allow a third party to collect the special assessment payments if the project involved owner or lessee-arranged financing, and that a delinquent payment becomes a lien on the property. The bill also adds provisions requiring that, for projects exceeding \$250,000 in cost, the contractor/project engineer must guarantee a savings-to-investment ratio greater than 1.0 and that contractor/project engineer will pay the owner any shortfall in savings.

The Department of Revenue indicates that no local units of government reported levying for PACE loans as a special assessment during the most recently completed reporting period. Therefore, the Department estimates there would be no fiscal impact on local units of government. In the event that a local unit of government provides financing via the PACE program, the provisions of this bill provide for an increased ability for the collection of PACE loans and may therefore increase revenue. Also in the event that a local unit of government participates in the PACE program, there may be initial implementation and ongoing enforcement costs for the provisions regarding payment of savings-to-investment ratio shortfalls. The amount of these costs are indeterminate.

Long-Range Fiscal Implications