

ONE HUNDRED FOURTH LEGISLATURE - SECOND SESSION - 2016
COMMITTEE STATEMENT
LB1012

Hearing Date: Tuesday February 09, 2016
Committee On: Urban Affairs
Introducer: Mello
One Liner: Adopt the Property Assessed Clean Energy Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 5 Senators Coash, Crawford, Hansen, Howard, McCollister
Nay:
Absent:
Present Not Voting: 2 Senators Ebke, Hughes

Verbal Testimony:

Proponents:

Heath Mello
Rob Shear
Jon Traudt
John Atkeison
Lynn Rex
Frank Uhlarik

Representing:

District 5
Pace Equity LLC
Self
EnergyLinc
League of Nebraska Municipalities
City of Lincoln

Opponents:

Tom Hruza

Representing:

Lincoln Independent Business Association

Neutral:

Bob Hallstrom

Representing:

Nebraska Bankers Association

Summary of purpose and/or changes:

LB 1012 would adopt the Property Assessed Clean Energy (PACE) Act. PACE is a financing mechanism that allows municipalities to finance the up-front costs of energy efficiency and renewable energy improvements on commercial, industrial, and residential properties.

Under the Act, municipalities would be authorized to create clean energy assessment districts. Owners of qualifying property within the boundaries of the district could apply to participate in the PACE program, and would enter into a contract with the municipality spelling out the details of the financing arrangement.

An assessment under the PACE Act, including any interest and penalties, constitutes a lien against the qualifying property until the assessment is paid in full. PACE liens run with the qualifying property, but are subordinate to all prior recorded liens on the qualifying property as well as any first mortgage or trust deed on the qualifying property recorded after the PACE lien.

Explanation of amendments:

The committee amendment AM 2253 replaces the bill, and makes a number of changes:

- Adds defined terms for "assessment contract" and "energy efficiency related items"
- Allows energy efficiency related items to be financed through PACE, so long as the costs of such items do not exceed 25% of the total cost of the energy project
- Clarifies that apartment buildings with more than four units are classified as commercial property, while buildings with four or fewer units are classified as residential property
- Bifurcates the requirements for residential PACE financing and non-residential PACE financing
- Changes the required items that must be included in the ordinance creating the clean energy assessment district
- Details the requirements of the assessment contract between a municipality and record owner of qualifying property
- Requires that copies of assessment contracts be filed with the county assessor in the county in which the qualifying property is located
- Clarifies that assessments can only be sought from the original owners or subsequent purchasers of qualifying property subject to an assessment contract
- Provides that PACE assessments only constitute a lien against the qualifying property upon becoming delinquent
- Provides that PACE bonds issued by a municipality are not general obligation bonds, and shall only be secured by payments of assessments by owners of qualifying property subject to assessment contracts
- Requires voter approval for any single PACE bond that exceeds \$5 million
- Allows two or more municipalities to enter into an agreement pursuant to the Interlocal Cooperation Act for the joint administration of their PACE programs
- Directs the Revisor of Statutes to assign the Act to Chapter 18 of Nebraska Revised Statutes

Sue Crawford, Chairperson