

# 30<sup>th</sup> Alaska State Legislature

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Joint Armed Services Committee



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## SPONSOR STATEMENT

### SB 39 - Commercial Property Assessed Clean Energy Act

- Sec. 1.** Adds C-PACE financing to powers of Home Rule municipalities.
- Sec. 2.** Adds C-PACE financing to powers of First Class Boroughs.
- Sec. 3.** Adds C-PACE financing to powers of Second Class Boroughs on a nonareawide basis.
- Sec. 4.** Adds C-PACE financing to powers of Second Class Boroughs on an areawide basis.
- Sec. 5.** Creates a new chapter (Chapter 55) of law under Title 29 – Municipal Government which establishes the Municipal Property Assessed Clean Energy Act, sets the requirements for establishing the program:

(b)(1) Adopt a resolution of intent with findings, intent, description of eligibility of property owners and projects, repayment, third-party financing, municipal debt servicing procedures for third-party financing.

(2) Provide a notice of the report regarding assessment program with location of the report, time and place of public hearing, name of local administrator of program, and name of the assessor.

(3) Hold a public hearing taking public comment.

(4) Adopt an ordinance establishing the program and the terms of the program.

(c) A municipality may hire a program director or contract for professional services to administer the program.

(d) A municipality may set an application fee, an interest rate, or a combination of both to offset costs of administering the program.

**Sec. 29.55.105.** (a) Allows for an assessment to be imposed to repay the financing of qualified projects on commercial real property in the municipality that adopts the program.

(b) All parties to the loan must have a written contract.

(c) Identifies qualifying costs.

(d) Qualified projects do not include undeveloped lots or lots undergoing development at the time of assessment or the purchase of products or devices that are not a permanent part of the property.

(e) Provides that a municipality can create programs in more than one region of the municipality.

**Sec. 29.55.110.** To create a program a municipality must prepare a report with the following items:

(a)

(1) A map showing the boundaries of each region of the municipality in the program.

(2) A form for written contracts between municipality and property owner.

(3) A form for written contracts between the municipality and third-party financiers.

(4) A description of qualified projects.

(5) A plan ensuring third-party financing sources(s) and, if applicable, raising capital for municipal funding (such as bonding).

(6) Setting perimeters for issuance of bonds.

(7) Justifying the period of assessment.

(8) Description of application process and eligibility for funding.

(9) Solvency requirements for applicant.

(10) Process municipality will use to assess the property and collect assessments.

(11) Method of notice to mortgage holder required for participation.

(12) Method of review by third party.

(13) Description of marketing and participant education provided by the municipality.

(14) Description of quality assurance and antifraud measures.

(b) The report will be made available on the Internet website of the municipality and at the primary administrative office of the municipality.

**Sec. 29.55.115.** Requires the municipality to give 30-day notice to any mortgage holder on the property and obtain written consent from them to enter into a written contract with the property owner.

**Sec. 29.55.120.** Requires a review from an independent third party of the baseline conditions, savings, and verification of completion of project.

**Sec. 29.55.125.** Allows property owner to purchase equipment and materials directly; and contract directly for services.

**Sec. 29.55.130.** Requires the municipality to record in the appropriate recording district details of a C-PACE assessment.

**Sec. 29.55.135.**

(a) C-PACE assessments are paramount to all other liens except municipal tax liens and other special assessments.

(b) Assessment liens run with the property and remaining balances are not eliminated by foreclosure.

(c) Penalties and interest can be added to delinquent installments.

(d) Allows municipalities to recover costs and expenses of a lawsuit to collect delinquent PACE assessments.

**Sec. 29.55.140.** Allows a municipality to issue bonds or notes to finance PACE projects.

**Sec. 29.55.145.** Allows a municipality to enter into an agreement with a third party or one or more municipalities to administer a C-PACE program.

**Sec. 29.55.150.** A municipality may not coerce a property owner by making the issuance of a permit, license, or other authorizations from the municipality contingent on that property owner entering into a PACE contract.

**Sec. 29.55.155.** Applicability section.

**Sec. 29.55.160.** Definitions.

**Sec. 29.55.165.** Short title.

**Sec. 6.** Immediate effective date.

