SESSION OF 2010

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2663

As Amended by House Committee on
Energy and Utilities

Brief*

HB 2663 would enact the Property Assessed Renewable Energy and Energy Efficiency (PARE) Program Act. The Act would allow cities or counties to establish energy management districts, and to issue bonds to finance energy efficiency improvements or renewable energy improvements to real property (residential, commercial, and industrial) located within the district. The city or county would be required to levy special assessments on real property that received such improvements. The assessments would be payable at the same time as general property tax. Owners of real property in the energy management district could opt-in to the program voluntarily.

The bill would identify steps a city or county must follow to establish an energy management district, and would provide a process for owners of real property in such a district to file a petition opposing creation of the district. If the petition is signed by a majority of owners of real property in a district, the district would be dissolved.

Bonds issued by a city or county pursuant to the Act would be payable solely from the revenues from the special assessments imposed. The bonds would not be subject to any statutory limitation on bonded indebtedness of a city or county.

Improvements made under the Act would be subject to the following requirements:

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*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at http://www.kslegislature.org

- The owner of the real property must be able to demonstrate sufficient income to pay the special assessment;

- The unpaid balances of debts secured by mortgages and other liens could not exceed 80 percent of the market value of the property;

- The costs of renewable energy and energy efficiency improvements on the property could not exceed 10 percent of the appraised value of the property. In addition, payments by the city or county could not exceed five percent of the costs of the improvements; and

- Any lien filed regarding a special assessment authorized by the Act would be subject to all prior liens of record.

Background

Representative Talia testified that the bill would give local governments a tool to stimulate "green" business while providing a competitive financing program for property owners. It would eliminate the barrier of large, up-front costs which may prevent homeowners from making energy efficiency improvements or installing renewable energy projects. Other proponents testifying represented Kansas City Power & Light, the Johnson County Sustainability Program, and the Sierra Club; written testimony in support of the bill was submitted by the Great Plains Alliance for Clean Energy and The Energy Savings Store. Neutral testimony was presented by representatives of the Heartland Community Bankers Association and the Climate and Energy Project, with written neutral testimony provided by the Kansas Bankers Association.

No one testified as an opponent of the bill.

The House Committee on Energy and Utilities amended the bill to change the name of the Act, modify definitions of eligible energy efficiency improvements, establish additional criteria for loan eligibility, and specify that liens filed against special assessments authorized by the Act would be subject to all prior liens of record.

The fiscal note prepared by the Division of the Budget on the original bill indicated the bill would have no fiscal impact on the state budget. The fiscal note further indicated the League of Kansas Municipalities said it was not possible to determine the fiscal effect of the bill on cities, while the Kansas Association of Counties indicated the cost to counties would be limited to postage and the cost of publishing required notices.