



2011 SENATE BILL 425

February 3, 2012 - Introduced by Senators COWLES, HOLPERIN and WANGGAARD, cosponsored by Representatives WEININGER, T. LARSON, SPANBAUER, TAUCHEN and MOLEPSKE JR. Referred to Committee on Energy, Biotechnology, and Consumer Protection.

1 **AN ACT** *to renumber and amend* 66.0627 (8); and *to create* 66.0627 (8) (b),
2 66.0627 (8) (c), 66.0627 (8) (d) and 66.0627 (8) (e) of the statutes; **relating to:**
3 loans and repayment assistance by a political subdivision for energy and water
4 improvements to premises and collection of the debt by special charge.

Analysis by the Legislative Reference Bureau

Under current law, a city, village, or town may impose a special charge against real property for services rendered by allocating the cost of the service to the properties that are served. Generally, a special charge is not payable in installments. Also under current law, a city, village, town, or county (political subdivision) may make a loan to, or enter into a loan repayment agreement with, an owner or lessee of a premises for making or installing certain energy or water efficiency improvements (property assessed clean energy or PACE program). The political subdivision may collect a loan repayment under the PACE program as a special charge. A special charge imposed under the PACE program may be collected in installments.

Under this bill, a political subdivision that imposes a special charge under the PACE program and allows the charge to be paid in installments may allow a third party that has provided financing for the PACE program project to collect the installments. Also under this bill, a delinquent PACE program special charge installment becomes a lien on the property that benefits from the PACE program project. Also under this bill, if the political subdivision funds a PACE program project that costs \$250,000 or more, the political subdivision must require the owner

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of the premises to obtain a written guarantee from the contractor or project engineer that the PACE program project will achieve a savings-to-investment ratio greater than 1.0 or that the contractor or engineer will pay the owner any shortfall in savings. For a PACE program project that costs less than \$250,000, a political subdivision may require a third party technical review of the projected savings before making a PACE program loan or agreement.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 66.0627 (8) of the statutes is renumbered 66.0627 (8) (a) and
2 amended to read:

3 66.0627 (8) (a) A political subdivision may make a loan, or enter into an
4 agreement regarding loan repayments to a 3rd party for owner-arranged or
5 lessee-arranged financing, to an owner or lessee of a premises located in the political
6 subdivision for making or installing an energy efficiency improvement, a water
7 efficiency improvement, or a renewable resource application to the premises, ~~or enter~~
8 ~~into an agreement with the owner or lessee regarding loan repayments to a 3rd party~~
9 ~~for owner-arranged or lessee-arranged financing for such purposes.~~ If a political
10 subdivision makes such a loan or enters into such an agreement under this
11 paragraph, the political subdivision may collect the loan repayment as a special
12 charge under this section. Notwithstanding ~~the provisions of sub. (4),~~ a special
13 charge imposed under this ~~subsection~~ paragraph may be collected in installments
14 and may be included in the current or next tax roll for collection and settlement under
15 ch. 74 even if the special charge is not delinquent.

16 **SECTION 2.** 66.0627 (8) (b) of the statutes is created to read:

17 66.0627 (8) (b) A political subdivision that imposes a special charge under par.
18 (a) may permit special charge installments to be collected by a 3rd party that has

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1 provided financing for the improvement or application and may require that the 3rd
2 party inform the political subdivision if a special charge installment is delinquent.

3 **SECTION 3.** 66.0627 (8) (c) of the statutes is created to read:

4 66.0627 (8) (c) An installment payment authorized under par. (a) that is
5 delinquent becomes a lien on the property that benefits from the improvement or
6 application as of the date of delinquency. A lien under this paragraph has the same
7 priority as a special assessment lien.

8 **SECTION 4.** 66.0627 (8) (d) of the statutes is created to read:

9 66.0627 (8) (d) A political subdivision that, under par. (a), makes a loan to, or
10 enters an agreement with, an owner for making or installing an improvement or
11 application that costs \$250,000 or more shall require the owner to obtain a written
12 guarantee from the contractor or project engineer that the improvement or
13 application will achieve a savings-to-investment ratio of greater than 1.0 and that
14 the contract or engineer will annually pay the owner any shortfall in savings below
15 this level. The political subdivision may determine the method by which a guarantee
16 under this paragraph is enforced.

17 **SECTION 5.** 66.0627 (8) (e) of the statutes is created to read:

18 66.0627 (8) (e) If the making or installing of an improvement or application
19 under par. (a) costs less than \$250,000, the political subdivision may require a
20 3rd-party technical review of the projected savings of the improvement or
21 application as a condition of making a loan or entering into an agreement under par.
22 (a).

23 **SECTION 6. Initial applicability.**

