

Legislative Analysis



PROHIBIT BONDS FOR PACE PROGRAMS

House Bill 5761 as introduced
Sponsor: Rep. Mark A. Tisdell
Committee: Regulatory Reform
Complete to 2-22-22

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5761 would amend the Property Assessed Clean Energy (PACE) Act, which enables local governments (defined as counties, cities, townships, and villages) to help owners of commercial and industrial properties obtain private loans to finance energy and water conservation projects for existing structures.

Section 15 of the act now allows a local unit of government to issue bonds or notes to finance energy projects under a PACE program.

The bill would amend the act to prohibit a local unit of government from issuing bonds or notes under section 15 after the bill's effective date.

The bill is tie-barred to House Bills 5011 and 5012, which means that it cannot take effect unless both of those bills are also enacted. House Bills 5011 and 5012 also would amend the PACE Act. House Bill 5011 would amend provisions pertaining to the PACE program, add and revise defined terms, and apply the PACE program to agricultural and certain multifamily residential property. House Bill 5012 would require new construction energy projects to exceed Uniform Energy Code requirements.¹

MCL 460.945

FISCAL IMPACT:

The bill would have an indeterminate fiscal impact on local units of government that choose to participate in the PACE program. Any fiscal impact would depend on the local government's planned use of bonding as a financing mechanism for a PACE project. Prohibiting the issuance of bonds or notes to finance a PACE project would limit PACE project financing methods, which may impact the size and scope of PACE projects. That said, it is unclear if local governments are regularly using bonds or notes to finance PACE projects. Any fiscal impact would be specific to the local government and be contingent on its planned use of bonds or notes to finance projects under the PACE program compared to alternative financing methods, mainly private financing, available.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

¹ <https://www.legislature.mi.gov/documents/2021-2022/billanalysis/House/pdf/2021-HLA-5011-23538B17.pdf>