

SENATE BILL NO. 302

April 27, 2023, Introduced by Senators CAMILLERI, MCDONALD RIVET, SINGH, POLEHANKI, CAVANAGH, CHANG, WOJNO, IRWIN, SANTANA, SHINK and MCCANN and referred to the Committee on Energy and Environment.

A bill to amend 2010 PA 270, entitled
"Property assessed clean energy act,"
by amending section 9 (MCL 460.939), as amended by 2017 PA 242.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9. (1) The report on the proposed **property assessed clean**
2 **energy** program required under section 7 shall include all of the
3 following:

4 (a) A form of contract between the local unit of government
5 and **the** record owner governing the terms and conditions of

1 financing and assessment under the program.

2 (b) Identification of an official authorized to enter into a
3 program contract on behalf of the local unit of government.

4 (c) A maximum aggregate annual dollar amount for all financing
5 to be provided by the local unit of government under the program.

6 (d) An application process and eligibility requirements for
7 financing ~~energy projects. under the program.~~

8 (e) ~~A method~~ **Methods** for determining ~~interest rates on~~
9 ~~assessment installments, repayment periods, and the maximum amount~~
10 of an assessment, **and interest rates on assessment installments.**

11 (f) ~~Explanation~~ **An explanation** of how assessments will be made
12 and collected consistent with section 13(2).

13 (g) A plan for raising capital to finance improvements under
14 the program. The plan may include any of the following:

15 (i) The sale of bonds or notes, subject to ~~the revised~~
16 ~~municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.~~ **section**
17 **15.**

18 (ii) Amounts to be advanced by the local unit of government
19 through funds available to it from any other source.

20 (iii) Owner-arranged financing from a commercial lender. Under
21 owner-arranged financing, the local unit of government may impose
22 an assessment pursuant to section 11 and forward payments to the
23 commercial lender or the record owner may pay the commercial lender
24 directly.

25 (h) ~~Information regarding all of the following, to the extent~~
26 ~~known, or procedures~~ **Procedures** to determine ~~the following in the~~
27 future **or, to the extent known, information regarding each of the**
28 **following:**

29 (i) Any reserve fund or funds to be used as security for bonds

1 or notes described in subdivision (g).

2 (ii) Any application, administration, or other ~~program~~ fees to
3 be charged to record owners participating in the program that will
4 be used to finance costs incurred by the local unit of government
5 as a result of the program.

6 (i) A requirement that the term of an assessment not exceed
7 the useful life of the ~~energy~~ project paid for by the assessment.

8 (j) A requirement for an appropriate ratio of the amount of
9 the assessment to the assessed value of the property.

10 (k) A requirement that the record owner of property subject to
11 a mortgage obtain written consent from the mortgage holder before
12 participating in the program.

13 (l) Provisions for marketing and participant education.

14 (m) Provisions for **an** adequate debt service reserve fund.

15 (n) Quality assurance and antifraud ~~measures~~ **provisions**.

16 (o) A requirement that a baseline energy audit **or baseline**
17 **energy modeling** be conducted before an energy project is
18 undertaken, to establish future energy savings. After the energy
19 project is completed, the local unit of government shall obtain
20 verification that the renewable energy system, anaerobic digester
21 energy system, or energy efficiency improvement was properly
22 installed and is operating as intended.

23 (p) For ~~an energy~~ **a** project financed with more than
24 \$250,000.00 in assessments, both of the following:

25 (i) A requirement for ongoing measurements that establish the
26 savings realized by the record owner from the ~~energy~~ project.

27 (ii) ~~A~~ **Unless waived by the record owner, a** requirement that ~~r~~
28 ~~in the contract for installation of the energy project,~~ the
29 contractor guarantee to the record owner that the ~~energy~~ project

1 will achieve a savings-to-investment ratio greater than 1 and agree
2 to pay the record owner, on an annual basis, any shortfall in
3 savings below this level. **This subparagraph does not apply to a new**
4 **construction energy project.**

5 (q) **For a new construction energy project, a requirement that**
6 **the building or other structure exceed applicable requirements of**
7 **the Michigan uniform energy code, parts 10 and 10a of the**
8 **construction code, R 408.31059 to 408.31071a and 408.31087 to**
9 **408.31099 of the Michigan Administrative Code.**

10 (2) The local unit of government shall make the report
11 available for review on the local unit of government's website or
12 at the office of the clerk or the official authorized to enter **into**
13 contracts on behalf of the local unit of government under the
14 property assessed clean energy program.

15 Enacting section 1. This amendatory act does not take effect
16 unless Senate Bill No. 303 of the 102nd Legislature is enacted into
17 law.