



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 375 (Substitute S-1 as reported)
Sponsor: Senator Darwin L. Booher
Committee: Local Government

CONTENT

The bill would amend the Property Assessed Clean Energy Act to allow local units of government to acquire, install, or improve an anaerobic digester energy system under a property assessed clean energy (PACE) program, and require a local unit of government to obtain verification that an anaerobic digester energy system was property installed and operating as intended following the completion of an energy project, as currently required for a renewable energy system or energy efficiency improvement.

The Act authorizes local units of government to adopt PACE programs. Under a program, a local unit of government (a county, township, city, or village) may enter into a contract with the owner of privately owned commercial or industrial real property within a district to finance or refinance one or more energy projects on the property. The contract may provide for the repayment of the cost of an energy project through assessments on the property benefited. The financing or refinancing may include the cost of materials and labor necessary for installation, permit fees, inspection fees, and other fees that may be incurred by the owner pursuant to the installation.

The term "energy project" means the installation or modification of an energy efficiency improvement or the acquisition, installation, or improvement of a renewable energy system. The bill would include in the term the acquisition, installation, or improvement of an anaerobic digester energy system.

"Anaerobic digester" would mean a device for optimizing the anaerobic digestion of biomass for the purpose of recovering biofuel for energy production. "Anaerobic digester energy system" would mean an anaerobic digester and the devices used to generate electricity or heat from biogas produced by the anaerobic digester or to store the biogas for the future generation of electricity or heat.

MCL 460.933 & 460.939

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have a minimal impact on local governments that have or establish a PACE district. Under current law, many types of energy efficiency and renewable energy projects may be financed through a PACE program. The proposed expansion of the eligible types of energy projects to include the acquisition, installation, or improvement of an anaerobic digester energy system would not have a substantial impact on the parameters of the program. The decision to establish a PACE district remains with each city, village, township, or county. The bill would have no fiscal impact on State government.

Date Completed: 9-20-17

Fiscal Analyst: Elizabeth Pratt

floor\sb375

Bill Analysis @ www.senate.michigan.gov/sfa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.