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Senate Bill 302 & 303 (as reported without amendment)  
Sponsor: Senator Darrin Camilleri (S.B. 302)  
Senator Kristen McDonald Rivet (S.B. 303)  
Committee: Energy and Environment

### **CONTENT**

Senate Bill 303 would amend the Property Assessed Clean Energy Act to do the following:

- Authorize a local unit of government to contract and finance for an environmental hazard project.
- Authorize a record owner of agricultural or multifamily residential property with four or more dwelling units to enter a Property Assessed Clean Energy (PACE) program.
- Extend provisions that currently apply to energy projects to environmental hazard projects and provisions that apply to record owners of commercial and industrial property to record owners of agricultural property and multifamily residential property with four or more dwelling units.
- Specify that a local unit of government would be responsible for removing a lien on a property assessed under a PACE program.
- Include improved public health and protection against climate hazards and other environmental hazards among the list of essential public and governmental services that justify a local unit of government's issuance of bonds or notes under a PACE program.

Senate Bill 302 would amend the Property Assessed Clean Energy Act to do the following:

- Specify that a preliminary PACE program report could conduct a project baseline energy audit or a baseline energy model, instead of only the former.
- Allow a record owner to waive a requirement that a contractor guarantee to a record owner that the project will achieve a savings-to-investment ratio greater than one and agree to pay the record owner, on an annual basis, any shortfall in savings below this level, for projects financed by over \$250,000 in assessments.
- Exempt a new construction energy project from the above provision.
- Require, for a new construction energy project, a report to include a requirement that the building or other structure exceed applicable requirements of the Michigan Uniform Energy Code, Parts 10 and 10a of the Construction Code, and specified rules under the Michigan Administrative Code.

The bills are tie-barred.

MCL 460.933 et al. (S.B. 303)  
460.939 (S.B. 302)

### **BRIEF RATIONALE**

A PACE program allows certain property owners to contract with third-party providers to build or retrofit clean energy projects on their property. Property owners may finance these projects through assessments placed on the property. According to testimony, PACE programs have successfully promoted tailored and economically sustainable clean energy projects since the Act's enactment a decade ago; however, some people believe that the Act is too restrictive,

and so it has been suggested that the Act's scope be expanded to include more eligible properties and projects and that certain project requirements be deleted.

### **PREVIOUS LEGISLATION**

*(Please note: This section does not provide a comprehensive account of all previous legislative efforts on the relevant subject matter.)*

Senate Bills 303 and 302 are similar to House Bills 5011 and 5012, respectively, of the 2021-2022 Legislative Session. The House Committee on Energy reported the bills but they received no further action.

Legislative Analyst: Tyler P. VanHuyse

### **FISCAL IMPACT**

Senate Bill 303 would have no fiscal impact on the State and would have an indeterminate fiscal impact on local units of government. The bill would add to the list of eligible project types. Local government units may assess property taxes on PACE programs and if this assessment covers the cost to the local government, then there will be no fiscal impact. Senate Bill 302 would have no fiscal impact on State or local government.

Date Completed: 5-24-23

Fiscal Analyst: Robert Canell

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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.