

Subject PACE Commercial Loan Program

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Summary

House File 3946, as amended by the H3946A2 amendment, makes changes to the commercial Property Assessed Clean Energy (PACE) loan program, which arranges for loans for energy improvements to commercial properties to be repaid over time via a surcharge on a property owner's property tax bill.

The scope of the program was expanded in 2023 to include projects on agricultural land that improve profitability or reduce environmental impacts. H.F. 3946 further broadens the program to allow for loans to projects that improve a property's resilience (resistance to wind, fire, and flooding; improvements to indoor air quality; mitigating stormwater runoff) or conserve a property's water use or improve its water quality.

The bill also:

- extends the maximum loan term from 20 to 30 years;
- increases the maximum loan amount from 20 to 30 percent of a property's assessed value;
- removes the requirement that projects be cost-effective;
- allows the financing of energy projects that include fuel-switching; and
- no longer requires an energy project to lower net energy consumption, provided that greenhouse gas emissions are reduced.