



Ohio Legislative Service Commission

Bill Analysis

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S.B. 223

128th General Assembly
(As Introduced)

Sens. Stewart, Widener, Schaffer, Sawyer, Seitz

BILL SUMMARY

- Expands the low-cost solar panel revolving loan program to include assisting owners of real property within a municipal corporation (rather than residents) with the installation and implementation of alternative energy technologies (instead of just solar panels) on their real property and specifies that those technologies include solar photovoltaic or solar thermal energy, wind energy, geothermal energy, or energy efficiency technologies, products, and activities that reduce energy consumption or support the production of clean, renewable energy.
- Renames the low-cost solar panel revolving loan program the alternative energy revolving loan program.
- Expands the authority of a special improvement district to undertake special energy improvement projects to include wind energy projects, geothermal energy projects, biomass energy or gasification projects, and energy efficiency improvements.
- Permits special improvement district plans for public improvements and public services to include hiring consulting and energy auditing services and makes those services allowable plan costs.

CONTENT AND OPERATION

Low-cost alternative energy revolving loan program

(R.C. 717.25)

Current law authorizes the legislative authority of a municipal corporation to establish a low-cost solar panel revolving loan program to assist residents of the municipal corporation to install solar panels at their residences. The bill renames the

program the low-cost alternative energy revolving loan program and expands it to assist owners of real property within the municipal corporation (instead of just municipal corporation residents) with installing and implementing alternative energy technologies (instead of just solar panels) on their real property. Under the bill alternative energy technologies include solar photovoltaic and solar thermal energy, wind energy, geothermal energy, or energy efficiency technologies, products, and activities that reduce or support the reduction of energy consumption or support the production of clean, renewable energy.

Under current law, if a legislative authority decides to establish a residential solar panel revolving loan program, it must adopt an ordinance that includes certain provisions. The bill changes these resolution provisions to reflect the program expansion. Under the bill, the ordinance must provide for all of the following:

(1) Creation in the municipal treasury of an alternative energy revolving loan fund;

(2) A source of money, such as gifts, bond issues, real property assessments, or federal subsidies, to seed the fund;

(3) Facilities for making loans from the fund, including an explanation of how owners of real property within the municipal corporation may qualify for loans from the fund, a description of the alternative energy technologies and related equipment for which a loan can be made from the fund, authorization of a municipal agency to process applications for loans and otherwise to administer the low-cost alternative energy revolving loan program, a procedure whereby loans can be applied for, criteria for reviewing and accepting or denying applications for loans, criteria for determining the appropriate amount of a loan, the interest rate to be charged, the repayment schedule, and other terms and conditions of a loan, and procedures for collecting loans that are not repaid according to the repayment schedule;

(4) A specification that repayments of loans from the fund may be made in installments and, at the option of the real property owner repaying the loan, the installments may be paid and collected as if they were special assessments paid and collected in the manner specified in the Municipal Special Assessments Act (R.C. Chapter 727.) and as specified in the ordinance;

(5) A specification that repayments of loans from the fund are to be credited to the fund, that the money in the fund is to be invested pending its being lent out, and that investment earnings on the money in the fund are to be credited to the fund; and

(6) Other matters necessary and proper for efficient operation of the program as a means of encouraging use of alternative energy technologies.

Current law requires the interest rate charged on a loan from the fund to be below prevailing market rates. In addition, current law permits the legislative authority to specify the interest rate in the ordinance or, after establishing a standard in the ordinance whereby the interest rate can be specified, delegate authority to specify the interest rate to the administrator of loans from the fund. The fund must be seeded with sufficient money to enable loans to be made until the fund accumulates sufficient reserves through investment and repayment of loans for revolving operation. The bill applies the interest rate and fund seeding provisions to the expanded program.

Special improvement districts

Background

Current law authorizes the creation of a special improvement district within the boundaries of any one municipal corporation or township, or any combination of contiguous municipal corporations or townships, for the purpose of developing and implementing plans for public improvements and public services that benefit the district.¹ A special improvement district is governed by the board of trustees of a nonprofit corporation to be known as the board of directors of the district. The board is responsible for developing the plans for the public improvements and services and is granted authority to that end and may raise money by special assessment or the issuance of debt to fund the improvements and services.² Under current law, "public improvement" means the planning, design, construction, reconstruction, enlargement, or alteration of any facility or improvement, including the acquisition of land, for which a special assessment may be levied under the Municipal Special Assessments Law (R.C. Chapter 727.), and includes any special energy improvement project.

Operation of the bill

Expansion of special energy improvement projects definition

(R.C. 1710.01(I) and (K))

A "special improvement project" included under current law as a public improvement means any property, device, structure, or equipment necessary for the acquisition, installation, equipping, and improvement of any real or personal property used for the purpose of creating a solar photovoltaic project or a solar thermal energy

¹ All territory in a special improvement district must be contiguous; except that the territory in a special improvement district may be noncontiguous if at least one special energy improvement project is designated for each parcel of real property included within the special improvement district (Revised Code section 1710.02 (not in bill)).

² R.C. 1710.01, 1710.02 (not in bill), 1710.06, and 1710.07.

project, whether such real or personal property is publicly or privately owned. The bill changes the definition of such projects to include: (1) a wind energy project, (2) a geothermal energy project, (3) a biomass energy or gasification project, or (4) an energy efficiency improvement. An "energy efficiency improvement" under the bill means energy efficiency technologies, products, and activities that reduce or support the reduction of energy consumption or support the production of clean, renewable energy and that are or will be permanently fixed to real property.

District plans for public improvements or public services

(R.C. 1710.06 and 1710.07)

Under current law, the board of directors of a special improvement district may develop and adopt one or more plans for public improvements or public services that benefit all or part of the district. The plans for public improvements may include the planning, design, construction, reconstruction, enlargement, or alteration of any public improvements and the acquisition of land for the improvements. Plans for public improvements or services may also include, among other things, a provision permitting the planning, designing, and implementing of the public improvements or public services plan, including hiring architectural, engineering, legal, appraisal, insurance and planning services, and, for public services, managing, protecting, and maintaining public and private facilities, including public improvements. The bill adds hiring consulting and energy auditing services.

Current law lists, but does not limit, costs that any public improvements or public service plan of a special improvement district may include. One such cost allowed under the law is the cost of planning, designing, and implementing the public improvements or public services plan, including the payment of architectural, engineering, legal, appraisal, insurance, and planning fees and expenses, and, for public services, the management, protection, and maintenance costs of public or private facilities. The bill adds the payment of consulting and energy auditing services fees and expenses to these allowable costs.

HISTORY

ACTION	DATE
Introduced	01-12-10

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