



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: S.B. 223 of the 128th G.A.

Date: February 8, 2010

Status: As Introduced

Sponsor: Sen. Stewart

Local Impact Statement Procedure Required: No — Permissive

Contents: Expands the scope of municipal alternative energy revolving loan programs and makes other changes

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT

FY 2010 – FUTURE YEARS

Municipal Corporations

Revenues	Potential gain to fund alternative energy revolving loans
Expenditures	Potential increase to issue and administer alternative energy revolving loans

Special Improvement Districts

Revenues	Potential gain to fund special energy improvement projects
Expenditures	Potential increase to administer special energy improvement projects

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The bill authorizes the expansion of current municipal solar panel revolving loan programs to include other alternative energy and energy efficiency technologies. Municipalities may incur additional costs to issue and administer loans under such programs, which may be partially or wholly offset by any additional revenues authorized by a municipality to fund the program.
- The bill adds certain alternative energy and energy efficiency technologies to the list of eligible technologies that may be the subject of special energy improvement projects, and adds consulting and energy auditing to the list of eligible activities and costs for special improvement projects. This may increase the costs of such districts to engage in such projects. However, these costs may be partially or wholly offset by any new revenue the district collects to fund such expanded projects.

Detailed Fiscal Analysis

Municipal alternative energy revolving loans

Current law allows the legislative authority of a municipal corporation to establish a low-cost solar panel revolving loan program to assist residents in installing solar panels on their residences. The bill amends current law to expand the existing authority for solar panel loans into a broader alternative energy revolving loan program. Eligible alternative energy technologies under the bill are solar photovoltaic energy, solar thermal energy, wind energy, geothermal energy, or other energy efficiency technologies, products, and activities that reduce energy consumption or support clean and renewable energy production. As under current law authorizing municipal solar panel revolving loan programs, the bill permits, but does not require, municipalities to set up alternative energy revolving loan funds. If a municipality chooses to create such a program, it must establish an alternative energy revolving loan fund in the municipal treasury with a dedicated funding source.

Current law, as amended by the bill, lays out general guidelines that municipalities must follow in implementing and administering revolving loan programs, but many specifics are left up to local legislative authorities to decide. Presumably, municipalities that already have an existing solar panel revolving loan program and wish to create an alternative energy revolving loan program under the bill's authority would need to pass new ordinances in order to bring local laws in line with the bill's provisions. Such ordinances may identify the specific alternative energy technologies for which a municipality wishes to make loans, eligibility criteria for receiving a loan, repayment requirements, and any new revenue sources that the municipality may deem necessary to fund such loans.

It is likely that expanding existing municipal solar panel revolving loan programs to include alternative energies would cause local governments to incur some additional administrative costs to pass the required ordinances and to issue and administer loans. Costs would likely be greater for those municipalities that do not already have a solar panel revolving loan program, as there may be additional requirements associated with program start-up. Any costs are likely to vary from municipality to municipality depending on the size of the municipality, the size of the program adopted, and the amount of associated revenue that funds the program.

Special energy improvement projects

Current law allows the board of directors of a special improvement district within a municipality, township, or any combination thereof to adopt plans for special energy improvement projects, including solar photovoltaic and solar thermal energy projects. The bill adds wind energy, geothermal energy, biomass energy, and

gasification projects, as well as energy efficiency improvements, to the list of eligible special energy improvement projects. The bill also adds consulting and energy auditing to the list of eligible activities and eligible costs under special improvement project plans. These provisions may increase the costs to special improvement districts, depending on the size of the alternative energy and energy efficiency projects engaged in by special improvement districts under the bill, and the extent to which existing or new revenues authorized by the districts cover such costs.

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