

## **BILL ANALYSIS**

Senate Research Center

H.B. 1937  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

HB 1937 gives cities a new tool for helping homeowners to make their homes more energy efficient or to install renewable energy devices on their homes. This legislation authorizes a municipality to create a district within which property owners and authorized municipal officials may enter into contracts to assess properties to finance the energy efficiency improvements. It also allows a municipality to impose an assessment only with the consent of the owner of the assessed property at the time of the assessment. This allows the homeowner to pay for the cost of the energy efficient improvements or installation of renewable devices by paying through their property taxes. This legislation has been modeled after similar municipal financing programs in other cities around the country.

H.B. 1937 relates to the voluntary assessment of property owners by a municipality to finance certain energy conservation improvements.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle A, Title 12, Local Government Code, by adding Chapter 376, as follows:

#### **CHAPTER 376. CONTRACTUAL ASSESSMENTS FOR ENERGY EFFICIENCY IMPROVEMENTS**

Sec. 376.001. **AUTHORIZED FINANCING.** Authorizes an assessment under this chapter to finance energy efficiency public improvements to developed lots for which the costs and time delays of creating an entity under law to assess the lot would be prohibitively large relative to the cost of the energy efficiency public improvement to be financed and the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to residential, commercial, industrial, or other real property.

Sec. 376.002. **CERTAIN FINANCING PROHIBITED.** Prohibits an assessment under this chapter from being used to finance facilities for undeveloped lots or lots undergoing development at the time of the assessment or the purchase or installation of appliances not permanently fixed to real property.

Sec. 376.003. **CONSENT FOR ASSESSMENT REQUIRED.** Authorizes a municipality to impose an assessment under this chapter only with the consent of the owner of the assessed property at the time of the assessment.

Sec. 376.004. **DESIGNATION OF AREA FOR ASSESSMENT.** (a) Authorizes the governing body of a municipality to determine that it is convenient and advantageous to designate an area of the municipality within which authorized municipal officials and property owners are authorized to enter into contracts to assess properties for energy efficiency public improvements described by Section 376.001(1) (relating to the

financing of energy efficiency public improvements to developed lots) and make financing arrangements under this chapter.

(b) Authorizes the governing body of a municipality to determine that it is convenient, advantageous, and in the public interest to designate an area of the municipality within which authorized municipal officials and property owners are authorized to enter into contracts to assess properties to finance the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to real property.

(c) Authorizes an area designated by the governing body of a municipality under this section to include the entire municipality.

**Sec. 376.005. RESOLUTION OF INTENTION TO CONTRACT FOR ASSESSMENT.**

(a) Requires the governing body of a municipality, to make a determination under Section 376.004, to adopt a resolution indicating the governing body's intention to designate an area for assessment.

(b) Sets forth the required content of the resolution of intention.

(c) Requires the resolution of intention, if contractual assessments are to be used to finance the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to real property, to state that it is in the public interest to do so.

(d) Requires the resolution to direct an appropriate municipal official to prepare a report under Section 376.006 and consult with the appropriate appraisal district or districts regarding collecting the proposed contractual assessments with property taxes imposed on the assessed property.

**Sec. 376.006. REPORT REGARDING ASSESSMENT.** Requires an appropriate municipal official designated in the resolution to prepare a report containing:

(1) a map showing the boundaries of the area within which contractual assessments are proposed to be offered;

(2) a draft contract specifying the terms that would be agreed to by the municipality and a property owner within the contractual assessment area;

(3) a statement of municipal policies concerning contractual assessments including certain information;

(4) a plan for raising a capital amount required to pay for work performed in accordance with contractual assessments that include certain information; and

(5) the results of the consultations with the appropriate appraisal districts concerning incorporating the proposed contractual assessments into the assessments of property taxes.

**Sec. 376.007. DIRECT PURCHASE BY OWNER.** Authorizes the proposed arrangements for financing the program pertaining to the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to real property, on the written consent of an authorized municipal official, to authorize the property owner to purchase directly the related equipment and materials for the installation of the distributed generation renewable energy sources or energy efficiency improvements and contract directly for the installation of the distributed generation renewable energy sources or energy efficiency improvements.

**Sec. 376.008. LIEN.** Provides that an assessment imposed under this chapter and any interest or penalties on the assessment constitutes a lien against the lot on which the assessment is imposed until the assessment, interest, or penalty is paid.

SECTION 2. Effective date: upon passage or September 1, 2009.