

## **BILL ANALYSIS**

H.B. 1937  
By: Villarreal  
Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Many property owners are interested in improving their property's energy efficiency or installing renewable energy devices in order to reduce their long-term energy bills or reduce the property's demand for energy from fossil fuel-based energy sources that contribute to air pollution. However, one of the significant barriers that property owners face is the initial upfront costs of energy efficiency improvements or installation of renewable energy devices. Municipal financing mechanisms for installation of solar energy systems have recently been implemented in cities around the country.

H.B. 1937 authorizes a municipality to impose an assessment to finance energy efficiency improvements with the consent of the owners of the assessed property. The bill 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.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 1937 amends the Local Government Code to authorize the governing body of a municipality to designate areas, which may include the entire municipality, within which authorized municipal officials and property owners may enter into contracts to assess properties to finance energy efficiency public improvements or the installation of distributed generation renewable energy sources. The bill authorizes the assessment 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. The bill prohibits an assessment 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. The bill authorizes a municipality to impose an assessment only with the consent of the owner of the assessed property at the time of the assessment.

H.B. 1937 requires the governing body of a municipality to adopt a resolution indicating the body's intention to designate an area for assessment and describes the required content of the resolution, including that the resolution direct an appropriate municipal official to consult with the appropriate appraisal district or districts regarding the collection of proposed contractual assessments with property taxes imposed on the assessed property. The bill requires the official to prepare a report containing a map showing the boundaries of the proposed assessment area, a draft contract specifying the terms to be agreed upon by the municipality and a property owner within the proposed assessment area, a statement of municipal policies concerning contractual

assessments, a plan for raising a capital amount required to pay for work performed in accordance with contractual assessments, and the results of the consultations concerning incorporating the proposed contractual assessments into the assessments of property taxes.

H.B. 1937 authorizes a property owner, on the written consent of an authorized municipal officer, to purchase directly the related equipment and materials for the installation of distributed generation renewable energy sources or energy efficiency improvements and contract directly for the installation of the sources or improvements. The bill provides that an assessment imposed under the bill's provisions and any interest or penalties on the assessment constitute a lien against the lot on which the assessment is imposed until the assessment, interest, or penalty is paid.

**EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.