



Ohio Legislative Service Commission

Russ Keller

Fiscal Note & Local Impact Statement

Bill: S.B. 185 of the 131st G.A. **Date:** May 27, 2016
Status: As Reported by Senate Energy & Natural Resources **Sponsor:** Sen. Seitz

Local Impact Statement Procedure Required: No

Contents: Modifies the laws governing special energy improvement projects and condominium property included in general special improvement districts

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.
-

Detailed Fiscal Analysis

Special energy improvement projects

S.B. 185 modifies some of the laws governing special energy improvement projects (SEIP). Under the bill, SEIPs are restricted to only those projects that meet all three of the following conditions: (1) the project consists only of energy efficiency improvements, (2) the projected cost of each project does not exceed \$1 million, and (3) none of the projects involve the generation of electricity. The bill modifies the applicable definition of energy efficiency improvements to exclude "energy efficiency technologies, products, and activities that support the production of clean, renewable energy."

S.B. 185 specifies that the petition for authorization to develop an SEIP must be filed with the legislative authority of "any municipal corporation or township" in which the property is located. If the SEIP will be located in a certified territory of an electric distribution utility, the petition must include proof that a copy of the project description was submitted to that electric distribution utility. The petition must be signed by 100% of the property owners in the proposed district. At least one project must be designated for each parcel of real property within the district. If the participating political subdivisions approve the petition, they must levy a special assessment on all real property in the district to pay for the projects. The special assessment cannot be levied

for more than 30 years from the first day of the year in which the special assessment is first imposed.

The bill permits any municipal corporation or township levying a special assessment for SEIPs to contract with any person, community improvement corporation, political subdivision, state agency, or port authority to develop, finance, manage, or implement part or all of any independent SEIP approved under the bill, and makes this contracting power an authorized purpose of port authorities. S.B. 185 expressly permits port authorities having jurisdiction over the parcel upon which the independent SEIP or SEIPs are proposed to be developed and implemented to provide financing to pay or reimburse the costs of independent SEIPs.

The provisions in S.B. 185 may facilitate the formation of additional SEIPs for energy efficiency, but the bill does not permit the formation of SEIPs for renewable energy projects. LSC does not have data to evaluate the fiscal effect of limiting SEIPs to those costing \$1 million or less. The power of political subdivisions to levy a special assessment is limited, due to the 100% agreement threshold required of a petition forming a district. The bill contains a number of other provisions that relate to formation of SEIPs that, like the provisions described above, have no fiscal effect.

Condominium property in general special improvement districts

The bill provides a special voting process regarding a general special improvement district that includes condominium property. A special improvement district (SID) is an area of land within which property owners pay an additional tax or fee designated for specific services or improvements within the district's boundaries. Under existing law, they can be created when a majority of owners of real property within the proposed SID petition the legislative authority in order to create a SID. The bill provisions do not have a fiscal effect on local governments.