

March 1, 2023

The Honorable Nick Hoheisel, Chairperson
House Committee on Financial Institutions and Pensions
300 SW 10th Avenue, Room 582-N
Topeka, Kansas 66612

Dear Representative Hoheisel:

SUBJECT: Fiscal Note for HB 2320 by House Committee on Financial Institutions and Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2320 is respectfully submitted to your committee.

HB 2320 would create the Commercial Property Assessed Capital Enhancement Act (C-PACE). The C-PACE board as selected by the Department of Commerce would oversee energy efficiency, water conservation, water quality, air quality, health and renewable energy improvement projects on qualifying properties. The Board, with oversight and approval of the Department of Commerce, would adopt rules and regulations to administer C-PACE. In addition, the Board would be required to (1) evaluate and adopt or reject C-PACE applications, (2) track project progress, (3) monitor payment of annual special assessments, and (4) provide annual reports of the program. The Board would also be authorized to impose a fee for program administration to be assessed as part of the program application that would be paid by the property owner. The fee for an approved application would be based on a percentage of the total finance amount and not to exceed the lesser of 1.0 percent of such amount or \$50,000.

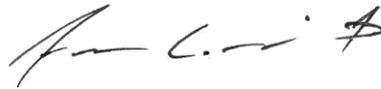
Under C-PACE, a mortgage lender and a property owner would execute an assessment contract whereby the property owner agrees to pay an annual assessment for up to 25 years in exchange for financing of an energy efficiency, water conservation, water quality, air quality, health and renewable energy improvement project. The bill would also require all mortgage lenders to develop a written internal policy for how to process and administer C-PACE requests.

The Department of Commerce indicates it would need to hire 1.0 Program Manager FTE position at a cost of \$94,500 from the State General Fund to implement HB 2320 in FY 2024. The Department of Revenue, Department of Health and Environment and Kansas Water Office indicate

HB 2320 would not have a fiscal effect on their operations. Any fiscal effect associated with HB 2320 is not reflected in *The FY 2024 Governor's Budget Report*.

The Kansas Association of Counties indicates HB 2320 could have a negligible effect on counties in situations when the county Register of Deeds would note the special assessment. In addition, since county treasurers are not required to collect delinquent payments, there would be no revenue fiscal effect. The League of Kansas Municipalities states it appears HB 2320 would have no fiscal effect on cities.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Sherry Rentfro, Department of Commerce
Amy Penrod, Department of Health & Environment
Debra Jones, Kansas Water Office
Lynn Robinson, Department of Revenue
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties