

June 9, 2016

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

LAO
75
YEARS OF
SERVICE

Overview of Property Assessed Clean Energy Programs

Presented to:

Assembly Local Government Committee

Hon. Susan Talamantes Eggman, Chair

and

Assembly Banking and Finance Committee

Hon. Matthew Dababneh, Chair





Property Assessed Clean Energy (PACE) Programs

- Local Governments May Establish PACE Programs**
- PACE Programs Establish Finance Mechanism for Improvements**
 - Improvements are installed on real property.
 - Possible improvements include installing renewable energy sources, electric vehicle charging infrastructure, or energy or water efficiency upgrades.
- Two Options for Establishing Programs**
 - Local governments may designate areas within their jurisdiction where property owners may enter into voluntary contractual assessments to finance installation.
 - Local governments may form community facilities districts which can levy special taxes—typically parcel taxes—to finance installation.
- Assessments and Special Taxes Levied Under PACE Programs Are Liens Against the Properties**



Improvements Paid Through Property Taxes

- Property Owners Pay Assessments and Special Taxes as Part of Property Tax Bill**

Sample Annual Property Tax Bill																																																	
Secured Property Tax for Fiscal Year July 1, 2012 to June 30, 2013																																																	
Property Owner Information	Detail of Taxes Due																																																
<p>Property ID: 1234567</p> <p>Mailing Address: Doe, Jane 1234 ABC Street Sacramento, CA 00000</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Agency</th> <th style="text-align: right;">Rate</th> <th style="text-align: right;">Amount</th> </tr> </thead> <tbody> <tr> <td>General Tax Levy</td> <td style="text-align: right;">1.0000</td> <td style="text-align: right;">\$3,500.00</td> </tr> <tr> <td colspan="3">Voter-Approved Debt Rates</td> </tr> <tr> <td>City</td> <td style="text-align: right;">0.0201</td> <td style="text-align: right;">\$70.35</td> </tr> <tr> <td>Water District</td> <td style="text-align: right;">0.0018</td> <td style="text-align: right;">6.30</td> </tr> <tr> <td>School District</td> <td style="text-align: right;">0.1010</td> <td style="text-align: right;">353.50</td> </tr> <tr> <td>Community College District</td> <td style="text-align: right;">0.0102</td> <td style="text-align: right;">35.70</td> </tr> <tr> <td colspan="3">Direct Levies</td> </tr> <tr> <td>Sidewalk District Assessment</td> <td></td> <td style="text-align: right;">\$9.36</td> </tr> <tr> <td>Flood Control District Assessment</td> <td></td> <td style="text-align: right;">64.39</td> </tr> <tr> <td>Street Lighting District Assessment</td> <td></td> <td style="text-align: right;">12.71</td> </tr> <tr> <td>Mello-Roos District</td> <td></td> <td style="text-align: right;">86.51</td> </tr> <tr> <td>School District Parcel Tax</td> <td></td> <td style="text-align: right;">125.00</td> </tr> <tr> <td>Total Taxes Due</td> <td></td> <td style="text-align: right;">\$4,263.82</td> </tr> <tr> <td>1st Installment</td> <td></td> <td style="text-align: right;">\$2,131.91</td> </tr> <tr> <td>2nd Installment</td> <td></td> <td style="text-align: right;">2,131.91</td> </tr> </tbody> </table>	Agency	Rate	Amount	General Tax Levy	1.0000	\$3,500.00	Voter-Approved Debt Rates			City	0.0201	\$70.35	Water District	0.0018	6.30	School District	0.1010	353.50	Community College District	0.0102	35.70	Direct Levies			Sidewalk District Assessment		\$9.36	Flood Control District Assessment		64.39	Street Lighting District Assessment		12.71	Mello-Roos District		86.51	School District Parcel Tax		125.00	Total Taxes Due		\$4,263.82	1st Installment		\$2,131.91	2nd Installment		2,131.91
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Liens Have Differing Priorities



State Law Gives Property Taxes Priority for Payment

- In general, charges on a property tax bill have priority over all other liens on a property, regardless of the time those liens are created.
- In the event of foreclosure, property taxes typically must be paid first.



PACE Programs in California

- Hundreds of Local Governments Have Authorized PACE Programs**

- Typically, PACE Programs Administered by a Third Party Administrator**