

Drafting Number:LLS 14-0455Date:February 4, 2014Prime Sponsor(s):Rep. McLachlanBill Status:House Transportation and EnergyFiscal Analyst:Marc Carey (303-866-4102)

## **SHORT TITLE:** CLEAN ENERGY PROJECT PRIVATE ACTIVITY BONDS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures		
FTE Position Change		
Appropriation Required: None		

\* This summary shows changes from current law under the bill for each fiscal year.

# Summary of Legislation

Under current law, counties may issue private activity bonds on behalf of a property owner or group of property owners who do not own an entire cooperative electric association (CEA) for the purpose of constructing, expanding, or upgrading an eligible clean energy project on the applicant's property. This bill:

- reduces from \$1 million to \$500,000 the minimum amount of private activity bonds that a county may issue;
- extends the maximum repayment term for bonds from 10 years to 15 years; and
- allows the bonds to be correlated to the revenue stream of the project so long as bond payments do not exceed 75 percent of project revenue.

## Local Government Impact

This bill provides counties with additional flexibility in the financing of clean energy projects, and is likely to increase interest in the use of this financing mechanism. By reducing the minimum threshold for bond issuance, the bill increases the eligibility of smaller projects. Extending the repayment term reduces the annual debt service costs of such projects, thereby expanding access to a wider range of borrowers.

## **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State and Local Government Contacts**

Local Affairs Counties