



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2011 Wisconsin Act 138
[2011 Senate Bill 425]

**Municipal Financing of Efficiency
Improvements to Private Premises**

Current law provides that a municipality may make a loan to an owner or lessee of a premises located in the municipality for making or installing an energy efficiency improvement, a water efficiency improvement, or a renewable resource application to the premises. [s. 66.0627 (8), Stats.] A municipality may use any of three options for collection of the loan repayment:

- It may collect the loan repayment as a special charge. A municipality may collect a special charge imposed for this purpose in installments although this is contrary to the rules that apply to special charges in general.
- It may collect the loan repayment as a lien on the property, in the manner that delinquent special assessments are collected.
- It may enter into an agreement with the owner or lessee regarding loan repayments to a third party for owner-arranged or lessee-arranged financing for such purposes.

2011 Wisconsin Act 138 adds the following provisions to this law:

- Restates that the financing may be provided by a third party. It also specifies that the third party may collect the special charges, in which case the third party must notify the municipality if the charges become delinquent.
- Restates that delinquent payments become a lien on the property that benefitted from the improvements and specifies that the lien has the same priority as a special assessment lien.
- Specifies that, if the cost of improvements to a premises financed under this law is \$250,000 or more, the contractor or project engineer *must* provide a written guarantee that: (a) the improvements will result in a savings-to-investment ratio greater than 1.0; and (b) the

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

contractor or engineer will pay the owner any shortfall in savings below that level. A municipality may determine the method by which such a guarantee is enforced.

- Specifies that, if the cost of improvements to a premises financed under this law is less than \$250,000, the municipality *may* require a third-party review of the projected savings of the project as a condition of participating in the financing of the project.

The Act first applies to loans made or agreements entered into on the effective date of the Act.

Effective date: Act 138 takes effect on April 5, 2012.

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