

House \_\_\_\_\_ Amendment NO. \_\_\_\_\_

Offered By

1 AMEND House Committee Substitute for Senate Bill No. 53, Page 2, Section 64.805, Line 13, by inserting  
2 after all of said section and line the following:

3  
4 "67.2800. 1. Sections 67.2800 to 67.2835 shall be known and may be cited as the "Property  
5 Assessment Clean Energy Act".

6 2. As used in sections 67.2800 to 67.2835, the following words and terms shall mean:

7 (1) "Assessment contract", a contract entered into between a clean energy development board and a  
8 property owner under which the property owner agrees to pay an annual assessment for a period of up to  
9 twenty years not to exceed the weighted average useful life of the qualified improvements in exchange for  
10 financing of an energy efficiency improvement or a renewable energy improvement;

11 (2) "Authority", the state environmental improvement and energy resources authority established  
12 under section 260.010;

13 (3) "Bond", any bond, note, or similar instrument issued by or on behalf of a clean energy  
14 development board;

15 (4) "Clean energy conduit financing", the financing of energy efficiency improvements or renewable  
16 energy improvements for a single parcel of property or a unified development consisting of multiple  
17 adjoining parcels of property under section 67.2825;

18 (5) "Director", the director of the division of finance within the department of insurance, financial  
19 institutions and professional registration;

20 (6) "Division", the division of finance within the department of insurance, financial institutions and  
21 professional registration;

22 (7) "Clean energy development board", a board formed by one or more municipalities under section  
23 67.2810, also referred to as the PACE board;

24 ~~[(6)]~~ (8) "Energy efficiency improvement", any acquisition, installation, or modification on or of  
25 publicly or privately owned property designed to reduce the energy consumption of such property, including  
26 but not limited to:

27 (a) Insulation in walls, roofs, attics, floors, foundations, and heating and cooling distribution  
28 systems;

29 (b) Storm windows and doors, multiglazed windows and doors, heat-absorbing or heat-reflective  
30 windows and doors, and other window and door improvements designed to reduce energy consumption;

31 (c) Automatic energy control systems;

32 (d) Heating, ventilating, or air conditioning distribution system modifications and replacements;

33 (e) Caulking and weatherstripping;

34 (f) Replacement or modification of lighting fixtures to increase energy efficiency of the lighting  
35 system without increasing the overall illumination of the building unless the increase in illumination is  
36 necessary to conform to applicable state or local building codes;

37 (g) Energy recovery systems; and

38 (h) Daylighting systems;

39 ~~[(7)]~~ (9) "Municipality", any county, city, or incorporated town or village of this state;

40 (10) "Program administrator", an individual or entity selected by the clean energy development

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1 board to administer the PACE program, but this term does not include an employee of a county or municipal  
 2 government assigned to a PACE board or a public employee employed by a PACE board who is paid from  
 3 appropriated general tax revenues;

4 ~~[(8)]~~ (11) "Project", any energy efficiency improvement or renewable energy improvement;

5 ~~[(9)]~~ (12) "Property assessed clean energy local finance fund", a fund that may be established by the  
 6 authority for the purpose of making loans to clean energy development boards to establish and maintain  
 7 property assessed clean energy programs;

8 ~~[(10)]~~ (13) "Property assessed clean energy program", a program established by a ~~[clean energy~~  
 9 ~~development]~~ PACE board to finance energy efficiency improvements or renewable energy improvements  
 10 under section 67.2820;

11 ~~[(11)]~~ (14) "Renewable energy improvement", any acquisition and installation of a fixture, product,  
 12 system, device, or combination thereof on publicly or privately owned property that produces energy from  
 13 renewable resources, including, but not limited to photovoltaic systems, solar thermal systems, wind systems,  
 14 biomass systems, or geothermal systems;

15 3. All projects undertaken under sections 67.2800 to 67.2835 are subject to the applicable  
 16 municipality's ordinances and regulations, including but not limited to those ordinances and regulations  
 17 concerning zoning, subdivision, building, fire safety, and historic or architectural review.

18 4. Property assessed clean energy programs under sections 67.2800 to 67.2835 shall be defined as  
 19 merchandise for the purposes of chapter 407 and shall be subject to the provisions of chapter 407.

20 67.2815. 1. A clean energy development board shall not enter into an assessment contract or levy or  
 21 collect a special assessment for a project without making a finding that there are sufficient resources to  
 22 complete the project and that the estimated economic benefit expected from the project during the financing  
 23 period is equal to or greater than the cost of the project.

24 2. An assessment contract shall be executed by the clean energy development board and the  
 25 benefitted property owner or property owners and shall provide:

26 (1) A description of the project, including the estimated cost of the project and details on how the  
 27 project will either reduce energy consumption or create energy from renewable sources;

28 (2) A mechanism for:

29 (a) Verifying the final costs of the project upon its completion; and

30 (b) Ensuring that any amounts advanced or otherwise paid by the clean energy development board  
 31 toward costs of the project will not exceed the final cost of the project;

32 (3) An acknowledgment by the property owner that the property owner has received or will receive a  
 33 special benefit by financing a project through the clean energy development board that equals or exceeds the  
 34 total assessments due under the assessment contract;

35 (4) An agreement by the property owner to pay annual special assessments for a period not to exceed  
 36 twenty years, as specified in the assessment contract;

37 (5) A statement that the obligations set forth in the assessment contract, including the obligation to  
 38 pay annual special assessments, are a covenant that shall run with the land and be obligations upon future  
 39 owners of such property; and

40 (6) An acknowledgment that no subdivision of property subject to the assessment contract shall be  
 41 valid unless the assessment contract or an amendment thereof divides the total annual special assessment due  
 42 between the newly subdivided parcels pro rata to the special benefit realized by each subdivided parcel.

43 3. The total special assessments levied against a property under an assessment contract shall not  
 44 exceed the sum of the cost of the project, including any required energy audits and inspections, or portion  
 45 thereof financed through the participation in a property assessed clean energy program or clean energy  
 46 conduit financing, including the costs of any audits or inspections required by the clean energy development  
 47 board, plus such administration fees, interest, and other financing costs reasonably required by the clean  
 48 energy development board.

49 4. The clean energy development board shall provide a copy of each signed assessment contract to  
 50 the local county assessor and county collector or city collections official, if the city has joined a clean energy  
 51 development board and the county has not, and shall cause a copy of such assessment contract to be recorded  
 52 in the real estate records of the county recorder of deeds.

53 5. Special assessments agreed to under an assessment contract shall be a lien on the property against

1 which it is assessed on behalf of the applicable clean energy development board from the date that each  
 2 annual assessment under the assessment contract becomes due. Such special assessments shall be collected  
 3 by the county collector, or city collections official if the city has joined a clean energy development board  
 4 and the county has not, in the same manner and with the same priority as ad valorem real property taxes.  
 5 Once collected, the county collector or city collections official shall pay over such special assessment  
 6 revenues to the clean energy development board in the same manner in which revenues from ad valorem real  
 7 property taxes are paid to other taxing districts. Such special assessments shall be collected as provided in  
 8 this subsection from all subsequent property owners, including the state and all political subdivisions thereof,  
 9 for the term of the assessment contract.

10 6. Any clean energy development board that contracts for outside administrative services to provide  
 11 financing origination for a project shall offer the right of first refusal to enter into such a contract to a  
 12 federally insured depository institution with a physical presence in Missouri upon the same terms and  
 13 conditions as would otherwise be approved by the clean energy development board. Such right of first  
 14 refusal shall not be applicable to the origination of any transaction that involves the issuance of bonds by the  
 15 clean energy development board.

16 67.2816. 1. This section shall apply only to a PACE board that implements or that has implemented  
 17 a program for projects to improve residential properties of four or fewer units.

18 2. Before July 1, 2020, any residential program administrator under contract to a PACE board and  
 19 having responsibilities to administer a program for residential properties shall obtain a license and maintain  
 20 an annual registration with the Missouri division of finance.

21 3. The director may issue a referral under chapter 407 regarding any residential program  
 22 administrator or person or entity who may be acting as a residential program administrator who fails to obtain  
 23 and maintain a license and annual registration.

24 4. The director may establish reasonable license and annual registration fees for any individual or  
 25 company that seeks to perform the duties of a residential program administrator for residential programs in  
 26 the state of Missouri. The director may charge an initial license fee not to exceed five hundred dollars and  
 27 may also require an annual registration fee not to exceed five hundred dollars. The license and any annual  
 28 registration shall not be transferrable. If an annual registration fee is unpaid for ninety days, the registration  
 29 shall expire and the individual or company shall be required to reapply for the license.

30 5. The director shall not issue a license to a residential program administrator unless the director  
 31 makes, at a minimum, the following findings:

32 (1) The applicant or the applicant's executive officers have designated an individual as a primary  
 33 Missouri contact who shall have authority to communicate with the division and its examiners and respond to  
 34 examination requests;

35 (2) The applicant or the applicant's executive officers have never had any type of financial services  
 36 license or registration revoked in any governmental jurisdiction; except that, a subsequent formal vacation of  
 37 such revocation shall not be deemed a revocation;

38 (3) The applicant is in compliance with Missouri corporate registration requirements to be in good  
 39 standing and is not delinquent on any Missouri state or local taxes or license fees; and

40 (4) The applicant is applying on behalf of a clean energy development board that has properly  
 41 registered with the Missouri ethics commission and the state auditor as a valid political subdivision.

42 6. Residential program administrators for programs for residential properties in the state of Missouri  
 43 shall be subject to examination by the division for compliance with the provisions of this chapter related to  
 44 the administration of programs for residential properties and particularly compliance with this section and  
 45 sections 67.2817, 67.2818, and 67.2819. The division shall include in the compliance examination process  
 46 and procedures any applicable residential requirements and consumer protections established by the federal  
 47 Bureau of Consumer Financial Protection under section 307 of the Economic Growth, Regulatory Relief and  
 48 Consumer Financial Protection Act of 2010, Section 2155. The division shall conduct an examination of  
 49 each residential program administrator at least once in twenty-four months and such other times as the  
 50 director may determine. The division shall conduct lending audits under the Truth-in-Lending Act, 15 U.S.C.  
 51 1601 et seq., as it relates to consumer loans, on a property assessed clean energy program. The division shall  
 52 share the results of each audit with the PACE board.

53 7. The residential program administrator shall be responsible for paying the costs of examinations

1 which the director may assess upon the completion of an exam. The director may also assess all licensed  
2 residential program administrators on an annual basis taking into account the relative annual volume and  
3 amount of residential projects approved or the value of assessment contracts outstanding or such other factors  
4 as the director determines to equitably spread the costs of the division's administrative expenses incurred to  
5 maintain the licensing program and compliance examination program. The division shall document the  
6 examinations and annual assessments and make the records of the examinations and annual assessments  
7 available for public inspection. All license and registration payments and assessments paid by a residential  
8 program administrator to the division shall be credited to the division of finance fund established under  
9 section 361.170 and subject to the provisions thereof.

10 8. The division shall provide the residential program administrator an opportunity to review each  
11 completed examination report and provide written responses to any findings or recommendations of the  
12 division. The written responses, if any, shall be included in a final examination report that shall be delivered  
13 to the PACE board and made available to the public.

14 9. The division may refer any matter related to the conduct of a residential program administrator to  
15 the applicable PACE board, and to the governing board of any participating municipality or county, and to the  
16 state auditor or to the state attorney general as deemed appropriate by the director. The referral to the  
17 Missouri attorney general may include a referral under chapter 407.

18 10. The division may refer any consumer complaint related to the conduct of a residential program  
19 administrator or contractor providing residential PACE project services to the state attorney general.

20 67.2817. 1. This section shall apply only to residential properties of four or fewer units.

21 2. A residential program administrator shall not approve, execute, submit, or otherwise present for  
22 recording any assessment contract unless the following criteria are satisfied:

23 (1) The PACE assessments are assessed in equal annual installments;

24 (2) The PACE assessment contract may be paid in full at any time without prepayment penalty;

25 (3) The assessment contract shall disclose applicable penalties, interest penalties, or late fees under  
26 the contract and describe generally the interest and penalties imposed under law for the collection of  
27 delinquent taxes. The PACE board or residential program administrator shall provide a separate statement to  
28 the owner of the residential property of the penalties or late fees authorized under the assessment contract and  
29 of the penalties and interest penalties under the law for the applicable tax collector as of the date of the  
30 assessment contract;

31 (4) The residential program administrator has confirmed that the property owner is current on  
32 property taxes for the project property;

33 (5) The property that shall be subject to the assessment contract has no recorded and outstanding  
34 involuntary liens in excess of one thousand dollars;

35 (6) The property owner shall not have been a party to any bankruptcy proceedings within the last  
36 three years, except that the property owner may have been party to a bankruptcy proceeding that was  
37 discharged or dismissed between two and seven years before the application date;

38 (7) The term of the assessment contract shall not exceed the weighted average useful life of the  
39 qualified improvements to which the greatest portion of funds disbursed under the assessment contract is  
40 attributable, not to exceed twenty years. The residential program administrator shall determine useful life for  
41 purposes of this subdivision based upon credible third-party standards or certification criteria that have been  
42 established by appropriate government agencies or nationally recognized standards and testing organizations  
43 or as established by the authority; and

44 (8) The property owner is current on all mortgage debt on the subject property and has no more than  
45 one late payment during the twelve months immediately preceding the application date on any mortgage debt.

46 3. The property owner executing the PACE assessment contract shall have a three-day right to cancel  
47 the qualifying improvements proposed for financing under the PACE assessment contract. The three-day  
48 right shall expire on or before midnight of the third business day after a property owner signs the assessment  
49 contract. The board or residential program administrator shall be required to provide a printed form that is  
50 presented to the property owner no later than the time of signing of the assessment contract detailing the  
51 property owner's right to cancel. An electronic form may be provided if the owner consents electronically to  
52 receiving an electronic form.

53 4. Prior to execution of an assessment contract, the PACE board or residential program administrator

1 shall advise the property owner in writing that any delinquent assessment shall be a lien on the property  
 2 subject to the assessment contract and that the obligations under the PACE assessment contract continue as an  
 3 obligation against the improved property if the property owner sells or refinances the property and that a  
 4 purchaser or lender may require that before the owner may sell or refinance the property that the owner may  
 5 be required to pay the assessment contract in full.

6 5. Prior to the execution of an assessment contract, the PACE board or residential program  
 7 administrator shall advise the property owner in writing that if the property owner pays his or her property  
 8 taxes and special assessments via a lender or loan servicer's escrow program, the special assessment will  
 9 cause the owner's monthly escrow requirements to increase and increase the owner's total monthly payment  
 10 to the lender or the loan servicer. The PACE board or residential program administrator shall further advise  
 11 the property owner that if the special assessment results in an escrow shortage that the owner will be required  
 12 to pay the shortage in a lump-sum payment or catch-up the shortage over twelve months.

13 6. The PACE board or residential program administrator within three days of entering an assessment  
 14 contract, shall provide any holder of a first mortgage loan a copy of the assessment contract and a statement  
 15 that includes a brief description of the project, the cost of the project, the annual assessment that will be  
 16 levied, and the number of annual assessments. Transmittal shall be by United States mail to the holder of the  
 17 first mortgage loan of record.

18 7. The PACE board or residential program administrator shall maintain a public website with current  
 19 information about the PACE program as the board or residential program administrator deems appropriate to  
 20 inform consumers regarding the PACE program. The website shall list approved contractors for the PACE  
 21 program. The website shall disclose the process for property owners or their successors to request  
 22 information about their assessment contract, the status of the assessment contract, and for all questions  
 23 including contact information to obtain a payoff amount for the release of an assessment contract.

24 8. The PACE board, residential program administrator, contractor, or other third party shall not make  
 25 any representation as to the income tax deductibility of an assessment.

26 67.2818. 1. This section shall apply only to residential properties of four or fewer units.

27 2. The PACE board or residential program administrator shall provide a disclosure form to  
 28 homeowners that shows the financing terms of the assessment contract including, but not limited to:

29 (1) The total amount funded and borrowed, including the cost of the installed improvements, the  
 30 program fees, and capitalized interest, if any;

31 (2) The annual tax assessment, billing process, and payment due date;

32 (3) The annual payment amounts;

33 (4) The term of the assessment;

34 (5) The fixed rate of interest charged;

35 (6) The annual percentage rate;

36 (7) A payment schedule that fully amortizes the amount financed;

37 (8) The improvements to be installed;

38 (9) A statement that if the property owner sells or refinances their property that the owner may be  
 39 required by a mortgage lender or a purchaser to pay off the assessment as a condition of refinancing or sale;

40 (10) A statement that no penalty shall be assessed or collected for prepayment of the assessment;

41 (11) That any potential utility savings are not guaranteed, and shall not reduce the assessment  
 42 payments or total assessment amount;

43 (12) That the PACE annual assessment shall be collected along with property taxes and that any  
 44 taxes and annual assessment not paid on or before December thirty-first shall result in a lien on the improved  
 45 property for the unpaid taxes, unpaid annual assessment, interest, and penalties as provided by law;

46 (13) That if the owner pays property taxes and insurance through his or her mortgage payment and  
 47 an escrow account, that the special assessment will cause the owner's monthly escrow requirements to  
 48 increase and increase the owner's total monthly payment to the lender or the loan servicer and that if the  
 49 special assessment results in an escrow shortage that the owner shall be required to pay the shortage in a  
 50 lump-sum payment or catch-up the shortage over twelve months;

51 (14) That failure to timely pay the annual assessment and taxes will result in a tax lien, will result in  
 52 penalties and fees being assessed and added to the annual assessment and taxes, and that if the delinquency is  
 53 not paid, the property could be sold at a tax sale resulting in issuance of a tax certificate or collector's deed to

1 a purchaser that could result in the property owner losing his or her home; and

2 (15) That the property owner should seek professional tax advice if he or she has questions regarding  
3 tax credits related to a PACE project or the tax matters presented by the assessment contract or financing  
4 agreement and payments thereunder.

5 3. The PACE board or residential program administrator shall be required to present the disclosure  
6 form to a property owner for acknowledgment prior to the execution of an assessment contract.

7 4. Before a property owner executes an assessment contract, the PACE board or residential program  
8 administrator shall do the following:

9 (1) Make an oral confirmation that at least one owner of the property has a copy of the assessment  
10 contract documents with all the key terms completed, the financing estimate and disclosure form, and the  
11 right to cancel form with a hard copy available upon request; and

12 (2) Make an oral confirmation of the key terms of the assessment contract, in plain language, with  
13 the property owner, or to the verified authorized representative of the owner, and shall obtain  
14 acknowledgment from the property owner or representative to whom the oral confirmation is given.

15 5. The oral confirmation shall include, but is not limited to, all the following information:

16 (1) The property owner has the right to have other persons present, and an inquiry as to whether the  
17 property owner would like to exercise the right to include other individuals. This shall occur immediately  
18 after the determination of the preferred language of communication;

19 (2) The property owner is informed that they should review the assessment contract and financing  
20 estimate and disclosure form with all other owners of the property;

21 (3) The qualified improvement being installed is being financed by an assessment contract;

22 (4) The total estimated annual costs the property owner will have to pay under the assessment  
23 contract, including applicable fees;

24 (5) The total estimated average monthly amount of funds the property owner would have to save in  
25 order to pay the annual costs under the assessment contract, including applicable fees;

26 (6) The term of the assessment contract;

27 (7) That payments on the assessment contract shall be made through an additional annual assessment  
28 on the property and paid either directly to the county tax collector's office as part of the total annual secured  
29 property tax bill, or through the property owner's mortgage escrow account, and that if the property owner  
30 pays his or her taxes through an escrow account, he or she should notify his or her mortgage lender to discuss  
31 adjusting his or her monthly mortgage payment or otherwise providing additional funds to avoid a shortage in  
32 the owner's mortgage escrow account;

33 (8) That the property shall be subject to a lien during the term of the assessment contract for any  
34 delinquent assessments;

35 (9) That before the owner may sell or refinance the property, a purchaser or lender may require the  
36 obligation under the assessment contract to be paid in full;

37 (10) That any potential utility savings are not guaranteed, and that such savings may not offset the  
38 assessment payments or total assessment amount;

39 (11) That the residential program administrator and contractor do not provide tax advice, and that the  
40 property owner should seek professional tax advice if he or she has questions regarding tax credits related to  
41 the project the tax matters presented by the PACE assessment or assessment contract; and

42 (12) The date the first payment shall be due.

43 67.2819. 1. This section shall apply only to residential properties of four or fewer units.

44 2. The PACE board and residential program administrator shall not permit contractors or other third  
45 parties to advertise the availability of residential assessment contracts that are administered by the board or  
46 residential program administrator, or to solicit property owners on behalf of the board or residential program  
47 administrator, unless both of the following requirements are met:

48 (1) The contractor maintains any permits, licenses, or registrations required for engaging in its  
49 business in the jurisdiction where it operates and maintains bond and insurance coverage in minimum  
50 amounts determined by the PACE board or higher amounts as required in the jurisdiction where the  
51 contractor is licensed or registered; and

52 (2) The PACE board or residential program administrator obtains the contractor's written agreement  
53 that the contractor or third party shall act in accordance with chapter 407 and other applicable advertising and

1 marketing laws and regulations.

2 3. The PACE board or residential program administrator shall not provide any direct or indirect cash  
3 payment or other thing of material value to a contractor or third party in excess of the actual price charged by  
4 that contractor or third party to the property owner for one or more qualified improvements financed by an  
5 assessment contract.

6 4. The PACE board or residential program administrator shall not provide to a contractor engaged in  
7 soliciting financing agreements on behalf the PACE board or residential program administrator any  
8 information that discloses the maximum amount of funds for which a property owner may be eligible for  
9 qualifying improvements or the amount of equity in a property.

10 5. The PACE board or residential program administrator shall not reimburse a contractor or third  
11 party for expenses for advertising and marketing campaigns that solely benefit the contractor.

12 6. The PACE board or residential program administrator may reimburse a contractor's bona fide and  
13 reasonable training expenses related to PACE financing, provided that:

14 (1) The training expenses are actually incurred by the contractor; and

15 (2) The reimbursement is paid directly to the contractor, and is not paid to its sales persons or agents.

16 7. The PACE board or residential program administrator shall not provide any direct cash payment or  
17 other thing of value to a property owner explicitly conditioned upon the property owner entering into an  
18 assessment contract. Notwithstanding the provisions of this subsection, programs or promotions that offer  
19 reduced fees or interest rates to property owners are not a direct cash payment or other thing of value,  
20 provided that the reduced fee or interest rate is reflected in the assessment contract and in no circumstance  
21 provided to the property owner as cash consideration.

22 8. A contractor shall not provide a different price for a project financed under this section than the  
23 contractor would provide if paid in cash by the property owner.

24 67.2822. 1. Any program administrator who fails, refuses, or neglects to comply with the provisions  
25 of sections 67.2817, 67.2818, or 67.2819 may have its license suspended or revoked by the director of  
26 finance after a hearing before the director on an order of the director. The order of the director shall be served  
27 on the licensee at least ten days prior to the hearing. The order of the director shall require the program  
28 administrator to show cause why the license should not be suspended or revoked. The order of the director  
29 shall specify the grounds for the proposed license suspension or revocation.

30 2. Before taking any action under subdivision 1 of this section, whenever it shall appear to the  
31 director that any program administrator is failing, refusing, or neglecting to make a good faith effort to  
32 comply with the provisions of sections 67.2817, 67.2818, or 67.2819, the director may issue an order to cease  
33 and desist. The cease and desist order may be enforceable by a civil penalty of not more than one thousand  
34 dollars per day for each day that the neglect, failure, or refusal to comply continues. The civil penalty shall be  
35 assessed and collected by the director. In determining the amount of the penalty, the director shall take into  
36 account the appropriateness of the penalty with respect to the gravity of the violation, the history of previous  
37 violations, and such other matters as justice may require.

38 3. The director shall have the power to adopt and promulgate all rules and regulations necessary to  
39 carry out the intent and purposes of sections 67.2817, 67.2818, and 67.2819. Any rule or portion of a rule, as  
40 that term is defined in section 536.010 that is created under the authority delegated in this section shall  
41 become effective only if it complies with and is subject to all of the provisions of chapter 536, and, if  
42 applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested  
43 with the general assembly pursuant to chapter 536, to review, to delay the effective date, or to disapprove and  
44 annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule  
45 proposed or adopted after August 28, 2019, shall be invalid and void."; and

46  
47 Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.