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# Client Alert

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## Future Energy - PACE Bill Passes in Missouri

The Missouri General Assembly passed the PACE (Property Assessed Clean Energy) bill that would allow municipalities to opt into a program that finances the costs of renewable energy and energy efficiency renovations for homes and businesses. Missouri organizations including energy-efficiency professionals, environmental advocates, community bankers and realtors garnered support for PACE, which was passed in the final hours of the legislative session.

The PACE program enables local governments and community improvement districts to finance energy efficiency and renewable energy projects through the issuance of bonds or by structuring other sources of capital. Municipalities are familiar with these types of special taxing districts in the form of neighborhood improvement districts.

Armstrong Teasdale has worked extensively with municipal financing districts (also known as “special tax” or “special assessment” districts) since their inception.

Energy professionals applauded the passage of PACE. When signed into law by Governor Jay Nixon, PACE promises to improve and upgrade a significant percentage of Missouri’s homes and commercial properties at little or no cost to the state or local municipalities, create thousands of local jobs, and save money for homeowners by lowering their utility bills and make our state and nation more energy independent. Projects that could be financed under PACE could range from large solar power systems to utility lines to biomass facilities to weatherization of homes.

The St Louis Regional Chamber & Growth Association (RCGA) reported that this measure represents an important component of the “green savings” aspect of its Climate Prosperity Project, which is designed to move the St. Louis region toward a greenbelt economy by pursuing green savings, green opportunities and green talent. The potential of “green economy jobs” was illustrated in the just-completed independent analysis of the bi-state region. It documented 9,000 current core green economy jobs growing in recent years at 54 percent, with 1,000 such jobs being added in the past two years.

The PACE financing structure combined with potential federal and state tax incentives and utility rebates can make renewable energy and energy efficiency renovations affordable and cost effective for individuals and businesses. Although the PACE fund advances the project costs, participating property owners (programs would be voluntary) repay these amounts through a special property tax assessment, typically over a term of 20 years. If the property is sold before the end of the repayment period, the new owner inherits both the remaining repayment obligation and the financed energy improvements. The reliable stream of assessment payments can support bond issuances, enabling projects that are larger than municipalities might otherwise be able to support.

Armstrong Teasdale’s Future Energy Group stands ready to provide advice and guidance to:

- Municipalities and community improvement districts that are interested in forming PACE Boards and implementing the PACE legislation, alone or in collaboration with other municipalities.
- Renewable energy generators interested in installing solar, wind, bio-fuel, geothermal or other energy projects
- Companies interested in learning about federal tax incentives that may be available for energy projects.
- Underwriters who will be partnering with municipalities and community improvement districts in the issuance of PACE bonds.
- Real estate developers who are developing or renovating “green” properties.

Questions about this client alert can be directed to your usual  
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