

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 450**

Introduced by Fredrickson, 20.

Read first time January 21, 2025

Committee: Urban Affairs

1 A BILL FOR AN ACT relating to the Property Assessed Clean Energy Act; to  
2 amend sections 13-3202, 13-3203, and 13-3204, Reissue Revised  
3 Statutes of Nebraska; to change legislative findings; to define and  
4 redefine terms; to change provisions relating to requirements for  
5 ordinances or resolutions; to harmonize provisions; and to repeal  
6 the original sections.

7 Be it enacted by the people of the State of Nebraska,

1           **Section 1.** Section 13-3202, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3           13-3202 The Legislature finds that:

4           (1) Energy efficiency, grid resiliency, and the use of renewable  
5 energy are important for preserving the health and economic well-being of  
6 Nebraska's citizens. Using less energy decreases the cost of living and  
7 keeps the cost of public power low by delaying the need for additional  
8 power plants. By building the market for energy efficiency, grid  
9 resiliency, and renewable energy products, economic development will be  
10 encouraged and new jobs will be created for Nebraskans in the energy  
11 efficiency, grid resiliency, and renewable energy job sectors;

12           (2) To further these goals, the state should promote energy  
13 efficiency improvements, grid resiliency improvements, and renewable  
14 energy systems;

15           (3) The upfront costs for energy efficiency improvements, grid  
16 resiliency improvements, and renewable energy systems prohibit many  
17 property owners from making improvements. Therefore, it is necessary to  
18 authorize municipalities to implement an alternative financing method  
19 through the creation of clean energy assessment districts; and

20           (4) Public purposes will be served by providing municipalities with  
21 the authority to finance the installation of energy efficiency  
22 improvements, grid resiliency improvements, and renewable energy systems  
23 through the creation of clean energy assessment districts. Such public  
24 purposes include, but are not limited to, reduced energy and water costs,  
25 reduced greenhouse gas emissions, economic stimulation and development,  
26 improved property valuation, and increased employment.

27           **Sec. 2.** Section 13-3203, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29           13-3203 For purposes of the Property Assessed Clean Energy Act:

30           (1) Assessment contract means a contract entered into between a  
31 municipality, a property owner, and, if applicable, a third-party lender

1 under which the municipality agrees to provide financing for an energy  
2 project in exchange for a property owner's agreement to pay an annual  
3 assessment for a period not to exceed the weighted average useful life of  
4 the energy project;

5 (2) Clean energy assessment district means a district created by a  
6 municipality to provide financing for energy projects;

7 (3) Energy efficiency improvement means any acquisition,  
8 installation, or modification benefiting publicly or privately owned  
9 property that is designed to reduce the electric, gas, water, or other  
10 utility demand or consumption of the buildings on, or to be constructed  
11 on, such property or to promote the efficient and effective management of  
12 natural resources or storm water, including, but not limited to:

13 (a) Insulation in walls, roofs, floors, foundations, or heating and  
14 cooling distribution systems;

15 (b) Storm windows and doors; multiglazed windows and doors; heat-  
16 absorbing or heat-reflective glazed and coated window and door systems;  
17 and additional glazing, reductions in glass area, and other window and  
18 door system modifications that reduce energy consumption;

19 (c) Automated energy control systems;

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

22 (e) Caulking, weatherstripping, and air sealing;

23 (f) Replacement or modification of lighting fixtures to reduce the  
24 energy use of the lighting system;

25 (g) Energy recovery systems, including, but not limited to,  
26 cogeneration and trigeneration systems;

27 (h) Daylighting systems;

28 (i) Installation or upgrade of electrical wiring or outlets to  
29 charge a motor vehicle that is fully or partially powered by electricity;

30 (j) Facilities providing for water conservation or pollutant  
31 control;

1 (k) Roofs designed to reduce energy consumption or support  
2 additional loads necessitated by other energy efficiency improvements;

3 (l) Installation of energy-efficient fixtures, including, but not  
4 limited to, water heating systems, escalators, and elevators;

5 (m) Energy efficiency related items if so long as the cost of the  
6 energy efficiency related items financed by the municipality does not  
7 exceed twenty-five percent of the total cost of the energy project; and

8 (n) Any other installation or modification of equipment, devices, or  
9 materials approved as a utility cost-saving measure by the municipality;

10 (4) Energy efficiency related item means any repair, replacement,  
11 improvement, or modification to real property that is necessary or  
12 desirable in conjunction with an energy efficiency improvement,  
13 including, but not limited to, structural support improvements and the  
14 repair or replacement of any building components, paved surfaces, or  
15 fixtures disrupted or altered by the installation of an energy efficiency  
16 improvement;

17 (5) Energy project means the installation or modification of an  
18 energy efficiency improvement or grid resiliency improvement or the  
19 acquisition, installation, or improvement of a renewable energy system;

20 (6) Grid resiliency improvement means any acquisition, installation,  
21 or modification benefiting publicly or privately owned property that is  
22 designed to anticipate, prepare for, withstand, respond to, and rapidly  
23 recover from major power disruptions, including, but not limited to:

24 (a) Backup power generators;

25 (b) Backup power generators powered by renewable energy resources;

26 (c) Solar panels with battery storage; and

27 (d) Smart grid technology;

28 (7) (6) Municipality means any county, city, or village in this  
29 state;

30 (8) (7) Qualifying property means any of the following types of  
31 property located within a municipality:

- 1 (a) Agricultural property;
- 2 (b) Commercial property, including multifamily residential property
- 3 comprised of more than four dwelling units;
- 4 (c) Industrial property; or
- 5 (d) Single-family residential property, which may include up to four
- 6 dwelling units;

7 ~~(9)(a)~~ ~~(8)(a)~~ Renewable energy resource means a resource that  
8 naturally replenishes over time and that minimizes the output of toxic  
9 material in the conversion to energy. Renewable energy resource includes,  
10 but is not limited to, the following:

- 11 (i) Nonhazardous biomass;
- 12 (ii) Solar and solar thermal energy;
- 13 (iii) Wind energy;
- 14 (iv) Geothermal energy;
- 15 (v) Methane gas captured from a landfill or elsewhere; and
- 16 (vi) Photovoltaic systems; and
- 17 (b) Renewable energy resource does not include petroleum, nuclear
- 18 power, natural gas, coal, or hazardous biomass; and

19 ~~(10)~~ ~~(9)~~ Renewable energy system means a fixture, product, device,  
20 or interacting group of fixtures, products, or devices on the customer's  
21 side of the meter that uses one or more renewable energy resources to  
22 generate electricity. Renewable energy system includes a biomass stove  
23 but does not include an incinerator.

24 **Sec. 3.** Section 13-3204, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26 13-3204 (1) Pursuant to the procedures provided in this section, a  
27 municipality may, from time to time, create one or more clean energy  
28 assessment districts. Such districts may be separate, overlapping, or  
29 coterminous and may be created anywhere within the municipality or its  
30 extraterritorial zoning jurisdiction, except that a county shall not  
31 create a district that includes any area within the corporate boundaries

1 or extraterritorial zoning jurisdiction of any city or village located in  
2 whole or in part within such county. The governing body of the  
3 municipality shall be the governing body for any district so created.

4 (2) Prior to creating any clean energy assessment district, the  
5 municipality shall hold a public hearing at which the public may comment  
6 on the creation of such district. Notice of the public hearing shall be  
7 given by publication in a legal newspaper in, or of, general circulation  
8 in the municipality at least ten days prior to the hearing.

9 (3) After the public hearing, the municipality may create a clean  
10 energy assessment district by ordinance or, for counties, by resolution.  
11 The ordinance or resolution shall include:

12 (a) A finding that the financing of energy projects is a valid  
13 public purpose;

14 (b) A contract form to be used for assessment contracts between the  
15 municipality, the owner of the qualifying property, and, if applicable, a  
16 third-party lender governing the terms and conditions of financing and  
17 annual assessments;

18 (c) Identification of an official authorized to enter into  
19 assessment contracts on behalf of the municipality;

20 (d) An application process and eligibility requirements for  
21 financing energy projects;

22 (e) An explanation of how annual assessments will be made and  
23 collected;

24 (f) For energy projects involving residential property, a  
25 requirement that any interest rate on assessment installments must be a  
26 fixed rate;

27 (g) For energy projects involving residential property, a  
28 requirement that the repayment period for assessments must be according  
29 to a fixed repayment schedule;

30 (h) Information regarding the following, to the extent known, or  
31 procedures to determine the following in the future:

1 (i) Provisions for an adequate debt service reserve fund created  
2 under section 13-3209, if applicable;

3 (ii) Provisions for an adequate loss reserve fund created under  
4 section 13-3208; and

5 (iii) Any application, administration, or other program fees to be  
6 charged to owners participating in the program that will be used to  
7 finance costs incurred by the municipality as a result of the program;

8 (i) A requirement that the term of the annual assessments not exceed  
9 the weighted average useful life of the energy project paid for by the  
10 annual assessments;

11 (j) A requirement that any energy efficiency improvement that is not  
12 permanently affixed to the qualifying property upon which an annual  
13 assessment is imposed to repay the cost of such energy efficiency  
14 improvement shall ~~must~~ be conveyed with the qualifying property if a  
15 transfer of ownership of the qualifying property occurs;

16 (k) A requirement that, prior to the effective date of any contract  
17 that binds the purchaser to purchase qualifying property upon which an  
18 annual assessment is imposed, the owner shall provide notice to the  
19 purchaser that the purchaser assumes responsibility for payment of the  
20 annual assessment as provided in subdivision (3)(d) of section 13-3205;

21 (l) Provisions for marketing and participant education;

22 (m) A requirement that the municipality obtain verification that the  
23 renewable energy system, grid resiliency improvement, or energy  
24 efficiency improvement was properly installed and is operating as  
25 intended; and

26 (n) A requirement that the clean energy assessment district, with  
27 respect to single-family residential property, comply with the Property  
28 Assessed Clean Energy Act and with directives or guidelines issued by the  
29 Federal Housing Administration and the Federal Housing Finance Agency on  
30 or after January 1, 2016, relating to property assessed clean energy  
31 financing.

1           **Sec. 4.** Original sections 13-3202, 13-3203, and 13-3204, Reissue  
2 Revised Statutes of Nebraska, are repealed.