

November 23, 2009

BY: Rep. Steve Israel

Tired of reading bad news out of Albany? Well, Albany brought New Yorkers some very good news last week as the Senate, Assembly and Gov. David Paterson came to a deal and passed legislation that will give New Yorkers a chance to access \$454 million in federal funding for clean energy.

By passing this little noticed bill on the special session agenda, the Legislature voted to empower New York municipalities to launch clean energy loan programs. This one small bill could make a big impact on New York's burgeoning clean energy industry.

Last month, Vice President Joe Biden and Secretary of Energy Steven Chu announced the "Recovery Through Retrofit" program. A cornerstone of their plan, designed to create new green jobs and jump-start the economy with clean energy investments, is something called Property Assessed Clean Energy bonds. The "Recovery Through Retrofit" plan commits \$454 million in recovery funds from the Department of Energy to funding PACE bond pilot programs.

A PACE bond is a small municipal bond where the proceeds are loaned to commercial and residential property owners to finance energy retrofits. The loans are repaid over 20 years through an annual assessment on their property tax bill.

The bonus for property owners is that the energy savings is immediate and the usually prohibitive costs of the retrofits -- a geothermal heat pump, weatherization, or solar panels for the roof, to name a few -- are paid slowly over time. The lien is tied to the property, not the owner, and transfers with property ownership, making it even easier for owners to take the leap on such an investment.

I've been working with Governor Paterson and Secretary Chu to expand PACE bond programs across New York and nationally. When the new funding was announced, New York wasn't in a position to compete effectively. State law didn't allow municipalities to add the additional property tax assessment to owners' bills. With applications for the pilot programs due in December, it was critical that the Legislature pass this bill now or risk losing up to \$75 million in Recovery Act funds. The governor should be commended for his leadership in drafting this bill and fast-tracking it for the special session agenda so the Senate and the Assembly could take quick action.

PACE bond programs have already demonstrated success across the country and New York is uniquely poised to take advantage of this opportunity.

Our energy costs rank among the highest in the country. With energy-efficiency upgrades from a PACE bond loan, most property owners will see an immediate 20 to 40 percent decline in their energy costs.

Most importantly, PACE bonds present a true opportunity for clean technology and green building companies to expand and hire in New York. The economic downturn has hit all of our communities hard. Tapping into our nation's growing green energy industry is a key step to wrenching us out of this recession.

Now that the Legislature has done its work, it's up to New York's municipalities and the New York State Energy Research and Development Authority to work together on a pilot program to ensure New Yorkers get their fair share of the federal dollars. If we can do that, we will reduce energy costs for property owners, cut carbon emissions, decrease our dependence on foreign oil, expand our local clean energy economy and create new sustainable clean energy careers for New Yorkers.

U.S. Rep. Steve Israel is a Democrat from Huntington, Suffolk County.