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June 28, 2017

The Honorable Nancy Skinner  
California State Senate  
State Capitol, Room 2059  
Sacramento, CA 95814

**RE: SB 242 (Skinner) Property Assessed Clean Energy program: program administrator. – SUPPORT IF AMENDED**

Dear Senator Skinner,

The Association of California Cities – Orange County (ACC-OC) would like to express its support for Senate Bill 242 (Skinner), if amendments are made. The ACC-OC is very supportive of SB 242's overall goal of enacting consumer protections to California's Property Assessed Clean Energy (PACE) programs; however, there are certain areas of SB 242 that must be addressed before the ACC-OC can offer its full support.

California's PACE programs play an important role in reducing local greenhouse gas emissions, promoting water and energy efficiency improvements, making the shift to renewable sources of energy more affordable, and reducing energy costs for residents and businesses. But in recent years, concerns have been raised related to aggressive contracting techniques, misinformed homeowners, and a lack of savings due to high interest rates.

In 2016, AB 2693 (Dababneh) was adopted in response to these concerns. AB 2693 expanded consumer disclosure requirements for PACE loans offered to residential property owners and tightened PACE loan financing standards. SB 242 would continue to build upon these and other existing consumer protections, to ultimately ensure that PACE programs are administered in the most reliable and effective manner.

After consulting with our member organizations, the ACC-OC has concerns related to some of the language in SB 242:

- Section 5922(a)(1) should affirmatively include the various licensing authorities such as the California Board for Professional Engineers, Land Surveyors, and Geologists (BPELSG) pursuant to the Business and Professions Code, Chapters 7 and 15 as well as others. As it is currently written, it leaves open the possibility that unlicensed individuals who are not regulated by the Contractors State Licensing Board (CSLB) can simply obtain a city business permit and be eligible to work.



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- Despite using the term many times, SB 242 does not define "third party" entities. This leaves the door open for interpretation and should be clarified, i.e. CSLB regulated subcontractors vs. sub-consultants (engineers, land surveyors, etc.)
- Section 5922(a)(2) also needs clarification. Depending on the author's intent, it should be revised to either require that the contractor and all of their subcontractors and sub-consultants provide proof of compliance with specific laws, or that they provide copies of all agreements and sub-agreements to the program administrator for every project.
- Section 5924 should be simplified into a more succinct and clear statement, such as "A program administrator shall not make any representation as to the tax deductibility of an assessment contract."

The well-being of California's cities is of paramount importance to the ACC-OC. For this and the reasons described above, the Association of California Cities – Orange County will support SB 242 if it is properly amended. Should you have any questions about our position or about the ACC-OC, please contact Diana Coronado, ACC-OC's Legislative Affairs Director, at (714) 953-1300 or at [dcoronado@accoc.org](mailto:dcoronado@accoc.org).

Sincerely,

Heather Stratman  
Chief Executive Officer  
Association of California Cities – Orange County