

AMWUA Monitors HB2574

[HB2574: Renewable Energy Districts](#)

HB2574 would enable property owners to petition a city or a county for the formation of an improvement district that would be used to finance equipment for energy efficiency, renewable energy, water conservation, rainwater harvesting, combined heat/power systems and gray water. The bill would allow these improvements to be made by the district on both public and private property.

The petition would require the signatures of all property owners within the district who are subject to the district's annual assessment. After receiving the petition and verifying the ownership of the parcels, the governing body of the city may then adopt a resolution of intention to order the improvements and may immediately adopt a resolution ordering the improvements.

The bill contains provisions and procedures for a member parcel to object to the annual assessment and requires the governing body to hear and decide on any such objections. The annual assessment is to be divided among the properties based on the benefit received by the property.

HB2574 also prohibits the district from distributing or transmitting power, except under certain conditions for net metering.

The bill also contains a legislative intent clause that specifies that the improvements made by a district serve a public purpose, even if those improvements are made on private property, and are expressly declared to be in the public interest. This language is included in order to prevent the district from being subject to challenges under the State Constitution's gift clause, which prohibits public dollars from being spent for private purposes without a benefit to the State or a political subdivision thereof.

HB2574, as introduced, prohibits the county from forming a district within the boundaries of an incorporated city or town without approval by the city. The language leaves some ambiguity about the definition of municipality for the purposes of forming a district. While it appears that bill's intent is to give only the governing body of an incorporated city or town the authority to create a district within a city's limits, the language does not clearly provide this limitation – as municipality may have broader definitions elsewhere in statute. AMWUA would also like to see clarification about the creation of water-related improvement districts that are within a city water service area, but outside of the city limits.

Sponsor: Representative Mason

Last action: Referred to House Water & Energy and House Government

