



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	S. 0256	Introduced on January 21, 2025
Subject:	Commercial Property Assessed Clean Energy Programs (C-PACE)	
Requestor:	Senate Labor, Commerce, and Industry	
RFA Analyst(s):	Bryant	
Impact Date:	March 24, 2025	

Fiscal Impact Summary

This bill authorizes local governments to establish commercial property assessed clean energy and resiliency (C-PACE) programs by ordinance. Under a C-PACE program, a local government may enter into a voluntary assessment agreement with the record owner of a qualifying property within a designated PACE area to finance certain clean energy improvements on the property. The assessment agreement must provide for the repayment of financing through an assessment levied upon the qualifying property by the local government. The bill provides for the application and administration of the program, establishes a process for assessing and collecting liens, provides details on financing and qualified improvements, and develops standards.

Due to the permissive nature of this bill, the expenditure impact on local governments will vary, depending upon the number of PACE areas established by ordinance, the number of property owners who choose to participate in the program, and the manner in which the C-PACE program is implemented. The Revenue and Fiscal Affairs Office (RFA) contacted all forty-six counties and the Municipal Association of South Carolina (MASC) regarding similar legislation and received responses from Horry County and MASC. Horry County indicates that if it were to implement a C-PACE program, it would likely impose a large administrative burden on the county and require additional staff to administer the program. Horry County also notes that a loan default program utilizing the county's name may have a negative impact on the county's credit rating and the willingness of buyers to purchase the county's bonded debt. MASC reports that it does not anticipate a significant fiscal impact for municipalities since establishing a C-PACE program is voluntary. Additionally, MASC anticipates that for municipalities that decide to establish a C-PACE program, there will be unrecovered costs only to the extent that program administration costs exceed the maximum fee amount permitted to be collected.

Explanation of Fiscal Impact

Introduced on January 21, 2025

State Expenditure

N/A

State Revenue

N/A

Local Expenditure

This bill authorizes local governments to establish C-PACE programs by ordinance. Under a C-PACE program, the local government may enter into an assessment agreement with the record owner of a qualifying property within a PACE area to finance all or a portion of one or more qualified improvements on the qualifying property. Qualifying properties include privately-owned commercial, industrial, or agricultural property, a multifamily property with five or more dwellings, and property owned by a nonprofit or tax-exempt entity other than a residential property with one to four dwellings. Qualifying improvements include the acquisition, installation, modification, or construction of a water efficiency measure, energy efficiency measure, renewable energy resource, renewable energy facility, resiliency measure, or electrical vehicle charging infrastructure affixed to real property, including new construction. A program must be administered by one or more program administrators, as determined by the local governing body and set forth in the ordinance establishing the program.

The assessment agreement must provide for the repayment of financing through an assessment levied upon the qualifying property by the local government. Qualified improvements must be financed with funds provided directly by a capital provider pursuant to a financing agreement. The bill specifies that neither the state nor a local government may use public funds to fund or repay financing between a capital provider and property owner. An assessment levied pursuant to this bill constitutes a lien against the entire qualifying property to which it applies. The lien of the assessment runs with the qualifying property until the assessment is paid in full and has the same priority status as a lien for any other ad valorem tax or assessment on par with the tax under Title 12. Assessments may be billed and collected in the same manner as the regular property tax bills of the county, or the local government in which the PACE area is located may either directly bill and collect the assessments or designate the local government's program administrator or another third party to bill and collect assessments. To the extent that an assessment is not paid when due, the delinquency is enforceable by the county or local government. Proceeds from any enforcement or foreclosure action must be remitted to the permitted assignee identified in the notice of assignment of assessment and C-PACE lien related to the assessment.

Due to the permissive nature of this bill, the expenditure impact on local governments will vary, depending upon the number of PACE areas established by ordinance, the number of property owners who choose to participate in the program, and the manner in which the C-PACE program is implemented. RFA contacted all forty-six counties and MASC regarding similar legislation and received responses from Horry County and MASC. Horry County indicates that if it were to implement a C-PACE program, it would likely impose a large administrative burden on the county and require additional staff to administer the program. Horry County also notes that a loan default program utilizing the county's name may have a negative impact on the county's credit rating and the willingness of buyers to purchase the county's bonded debt.

MASC reports that it does not anticipate a significant fiscal impact for municipalities since establishing a C-PACE program is voluntary. Additionally, MASC anticipates that for municipalities that decide to establish a C-PACE program, there will be unrecovered costs only

to the extent that program administration costs exceed the maximum fee amount permitted to be collected.

Local Revenue

N/A



Frank A. Rainwater, Executive Director