

Environmental E-news

February 2, 2011

Michigan Property Assessed Clean Energy Act

One of the many bills that was passed in Michigan at the end of the year was the Property Assessed Clean Energy Act. This legislation allows local units of government to establish a Property Assessed Clean Energy Program. Under the Program, the local unit of government could enter into a contract with the property owner to finance energy efficiency improvements or renewable energy systems. "Energy efficiency improvements" is defined as equipment, devices, or material intended to decrease energy consumption, including, but not limited to, all of the following:

- Insulation in walls, roofs, floors, foundations, or heating and cooling distribution systems.
- Storm windows and doors; multi-glazed windows and doors; heat-absorbing or heat-reflective glazed and coated windows and doors; and additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;
- Automated energy control systems;
- Heating, ventilating, or air conditioning and distribution system modifications or replacements;
- Caulking, weather-stripping, and air sealing;
- Replacement or modification of lighting fixtures to reduce the energy use of the lighting system;
- Energy recovery systems;
- Day lighting systems;
- Installation or upgrade of electrical wiring or outlets to charge electric motor vehicles;
- Measures to reduce the usage of water or increases the efficiency of water usage; and
- Any other installation or modification of equipment, devices, or materials approved as a utility-cost saving measure by the governing body.

Under the legislation, a local unit of government may develop a program to establish funds for energy efficiency improvement and renewable energy systems. The expenditures can be repaid by assessments on the property benefited, with the agreement of the record owner. There are

a variety of different funding mechanisms that the local unit of government may use, including bonding. A local unit of government can either develop the program on its own or in combination with other local units or people.

The local unit of government will need to enter into a contract with the record owner of property to finance the project. The contract would have to provide for the repayment of the cost of the improvement or systems through assessments on the property benefited. The costs that can be financed or refinanced are fairly broad. They include the cost of materials and labor, as well as permit, inspection, application, administrative, bank, and other fees.

If you would like more information about the foregoing or any other environmental law needs, please feel free to contact one of the following Butzel Long lawyers:

Beth Gotthelf

248 258 1303
gotthelf@butzel.com

Susan Lynn Johnson

248 258 1307
johnsons@butzel.com

Claudia Rast

734 213 3431
rast@butzel.com

William B. Clifford, Jr.

248 258 1312
clifford@butzel.com

This news is only intended to highlight some of the important issues. This e-mail has been prepared by Butzel Long for information only and is not legal advice. This information is not intended to create, and receipt of it does not constitute, a client-lawyer relationship. Readers should not act upon this information without seeking professional counsel. This electronic newsletter and the information it contains may be considered attorney advertising in some states.

Attorney Advertising Notice - The contents of this e-mail may contain attorney advertising under the laws of various states. Prior results do not guarantee a similar outcome.

For previous e-news or to learn more about our law firm and its services, please visit our website at: www.butzel.com

Butzel Long Offices:

Ann Arbor
Bloomfield Hills
Detroit
Lansing
New York
Washington D.C.

Alliance Offices:

Beijing
Shanghai
Mexico City
Monterrey

Member:

Lex Mundi