

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/CS/HB 1351 Renewable Energy Source Devices

SPONSOR(S): Commerce Committee; Ways & Means Committee; Energy & Utilities Subcommittee; Rodrigues

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Energy & Utilities Subcommittee	13 Y, 0 N, As CS	Voyles	Keating
2) Ways & Means Committee	19 Y, 0 N, As CS	Dobson	Langston
3) Commerce Committee	29 Y, 0 N, As CS	Keating	Hamon

SUMMARY ANALYSIS

The Florida Constitution provides for local government ad valorem taxes on real property and tangible personal property, assessment of property for tax purposes, and exemptions to these taxes. In 2016, the Legislature passed CS/HJR 193, a joint resolution proposing an amendment to the Florida Constitution that would authorize the Legislature, by general law, to establish certain tax treatment for solar and renewable energy source devices installed on non-residential real property. Specifically, the amendment authorized the Legislature to:

- Exempt from ad valorem taxation the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax; and
- Prohibit the consideration of the installation of such devices in determining the assessed value of residential and nonresidential real property for the purpose of ad valorem taxation.

Pursuant to CS/HB 195, the amendment was placed on the ballot on August 30, 2016, as "Amendment 4." Amendment 4 was approved by 73% of the voters in the election and, by its terms, will take effect on January 1, 2018, and expire on December 31, 2037.

The bill implements the provisions of Amendment 4 by exempting renewable energy source devices installed on or after January 1, 2018, from ad valorem taxes on non-residential real property and from ad valorem taxes on tangible personal property. Consistent with Amendment 4, the bill provides for expiration of these provisions on December 31, 2037. In addition, the bill establishes disclosure requirements and penalties related to agreements to sell or lease certain distributed energy generation systems, and it provides for implementation by the Department of Business and Professional Regulation.

The Revenue Estimating Conference estimates that the provisions implementing Amendment 4 will have no impact on state government revenues and, for local government revenues, will have no impact until fiscal year (FY) 2019-20, with an impact of -\$11.7 million, growing to -\$22.0 million in FY 2020-21. The remaining provisions of the bill appear to have no impact on state and local government revenues or expenditures.

The bill provides an effective date of July 1, 2017.

The bill may implicate the mandate provisions of Article VII, s. 18 of the Florida Constitution, requiring a two-thirds vote of the membership of each house for final passage. (See Comments section.)

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Ad Valorem Taxation of Real Property and Tangible Personal Property

The Florida Constitution provides for finance and taxation, including local government ad valorem taxes on real property and tangible personal property,¹ assessment of property for tax purposes,² and exemptions to these taxes.³

The Florida Constitution reserves ad valorem taxation to local governments and prohibits the state from levying ad valorem taxes on real and tangible personal property.⁴ The ad valorem tax is an annual tax levied by counties, cities, school districts, and some special districts based on the value of real and tangible personal property as of January 1 of each year.⁵ The Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes,⁶ and it provides for specified assessment limitations, property classifications, and exemptions.⁷ After the property appraiser considers any assessment limitation or use classification affecting the just value of a property, an assessed value is produced. The assessed value is then reduced by any exemptions to produce the taxable value.⁸

Anyone who owns tangible personal property on January 1 of each year and who has a proprietorship, partnership, or corporation, or is a self-employed agent or a contractor, must file a tangible personal property return to the property appraiser by April 1 each year.⁹ Property owners who lease, lend, or rent property must also file. Each tangible personal property tax return is eligible for an exemption from ad valorem taxation of up to \$25,000 of assessed value.¹⁰

Article VII, section 4 of the Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes.¹¹ Under Florida law, “just valuation” is synonymous with “fair market value,” and is defined as what a willing buyer would pay a willing seller for property in an arm’s length transaction.¹²

¹ FLA. CONST. art. VII, s. 9.

² FLA. CONST. art. VII, s. 4.

³ FLA. CONST. art. VII, s. 3.

⁴ FLA. CONST. art. VII, s. 1(a).

⁵ Section 192.001(12), F.S., defines “real property” as land, buildings, fixtures, and all other improvements to land. The terms “land,” “real estate,” “realty,” and “real property” may be used interchangeably. Section 192.001(11)(d), F.S., defines “tangible personal property” as all goods, chattels, and other articles of value (but does not include the vehicular items enumerated in article VII, section 1(b) of the Florida Constitution and elsewhere defined) capable of manual possession and whose chief value is intrinsic to the article itself.

⁶ FLA. CONST. art. VII, s. 4.

⁷ FLA. CONST. art. VII, ss. 3, 4, and 6.

⁸ s. 196.031, F.S.

⁹ s. 193.062, F.S.; *see also* FLA. DEP’T OF REVENUE, *Tangible Personal Property*, <http://dor.myflorida.com/dor/property/tpp/> (last visited Mar. 17, 2017).

¹⁰ FLA. CONST. article VII, s. 3.

¹¹ The constitutional provisions in art. VII, s. 4 of the Florida Constitution, are implemented in Part II of ch. 193, F.S.

¹² s. 193.011, F.S. *See also*, *Walter v. Shuler*, 176 So. 2d 81 (Fla. 1965); *Deltona Corp. v. Bailey*, 336 So. 2d 1163 (Fla. 1976); and *Southern Bell Tel. & Tel. Co. v. Dade County*, 275 So. 2d 4 (Fla. 1973).

Ad Valorem Tax Treatment of Renewable Energy Source Devices

The Florida Constitution authorizes certain alternatives to the just valuation standard for specific types of property. For example, the Legislature is authorized to prohibit the consideration of improvements to *residential* real property for purposes of improving the property's wind resistance or the installation of renewable energy source devices in the assessment of the property.¹³

The Legislature has implemented this prohibition, in part, through s. 193.624, F.S. The statute prohibits a property appraiser who is determining the assessed value of real property used for *residential* purposes from considering an increase in the just value of the property attributable to the installation of a renewable energy source device.¹⁴ The statute applies to a renewable energy source device installed on or after January 1, 2013, on new and existing residential real property.¹⁵ The statute defines the term "renewable energy source device" to mean any of the following equipment that collects, transmits, stores, or uses solar energy, wind energy, or energy derived from geothermal deposits:¹⁶

- Solar energy collectors, photovoltaic modules, and inverters;
- Storage tanks and other storage systems, excluding swimming pools used as storage tanks;
- Rockbeds;
- Thermostats and other control devices;
- Heat exchange devices;
- Pumps and fans;
- Roof ponds;
- Freestanding thermal containers;
- Pipes, ducts, refrigerant handling systems, and other equipment used to interconnect such systems; however, such equipment does not include conventional backup systems of any type;
- Windmills and wind turbines;
- Wind-driven generators;
- Power conditioning and storage devices that use wind energy to generate electricity or mechanical forms of energy; and
- Pipes and other equipment used to transmit hot geothermal water to a dwelling or structure from a geothermal deposit.

In 2016, the Legislature passed CS/HJR 193, a joint resolution proposing an amendment to the Florida Constitution that would authorize the Legislature, by general law, to establish certain tax treatment for solar and renewable energy source devices installed on *all* real property, not just residential property. Specifically, the amendment authorized the Legislature to:

- Prohibit a property appraiser from considering the installation of such devices in determining the assessed value of *all* real property for the purpose of ad valorem taxation; and
- Exempt from ad valorem taxation the assessed value of such devices subject to tangible personal property tax.

Pursuant to CS/HB 195, the amendment was placed on the ballot on August 30, 2016, as "Amendment 4."¹⁷ Amendment 4 was approved by 73% of the voters in the election and, by its terms, will take effect on January 1, 2018, and expire on December 31, 2037.¹⁸

¹³ FLA. CONST. art. VII, s. 4(i).

¹⁴ s. 193.624(2), F.S.

¹⁵ s. 193.624(3), F.S.

¹⁶ s. 193.624(1), F.S.

¹⁷ FLA DEP'T OF STATE, *Constitutional Amendments*,

<http://dos.elections.myflorida.com/initiatives/initdetail.asp?account=10&seqnum=93> (last visited March 17, 2017).

¹⁸ *Id.*

Consumer Protection Laws

Several distinct consumer protection laws are codified in Parts I through VII of Chapter 501, F.S. Part II of Chapter 501, F.S., establishes protections related to retail installment contracts.

Effect of Proposed Changes

Ad Valorem Tax Treatment of Renewable Energy Source Devices

The bill implements the provisions of Amendment 4.

The bill expands the definition of “renewable energy source device” in s. 193.624, F.S, by including wiring, structural supports, and other components used as integral parts of renewable energy source devices and devices. The bill clarifies that equipment or structures required in the absence of a renewable energy source device are not integral parts to such devices. The bill also provides that the definition of “renewable energy source device” includes power conditioning and storage devices that store or use solar, wind, or geothermal energy. The bill further clarifies that the definition of “renewable energy source device” does not include equipment on the distribution or transmission side of the point at which such a device is interconnected to an electric utility’s distribution grid or transmission lines, i.e., equipment on the utility side of the interconnection point between the renewable energy source device and the utility’s system.

The bill expands s. 193.624, F.S., to prohibit a property appraiser from considering the installation of renewable energy source devices in determining the assessed value of *any* real property for the purpose of ad valorem taxation. For devices installed to residential real property, the bill retains existing law which states that the prohibition applies to devices installed on or after January 1, 2013. For devices installed to all other real property, the bill provides for exemption of devices installed on or after January 1, 2018, except when installed as part of a project planned for a location in a fiscally constrained county¹⁹ and for which an application for a comprehensive plan amendment or planned unit development zoning has been filed with the county on or before December 31, 2017.

Further, the bill exempts from ad valorem taxation the assessed value of renewable energy source devices, as defined in s. 193.624, F.S., installed on or after January 1, 2018, that are otherwise subject to tangible personal property tax. However, the tangible personal property tax exemption does not apply to any renewable energy source device which is installed as part of a project planned for a location in a fiscally constrained county and for which an application for a comprehensive plan amendment or planned unit development zoning has been filed with the county on or before December 31, 2017.

Consistent with Amendment 4, the bill provides for expiration of these provisions on December 31, 2037.

Consumer Protection Laws related to Distributed Energy Generation Systems

The bill creates a new part of Chapter 520, F.S., (Part II) to govern the sale or lease of distributed energy generation systems. Existing Part II of Chapter 520, F.S., related to retail installment contracts, is renumbered as Part III, and all subsequent parts of Chapter 520, F.S., are renumbered accordingly. The bill provides that the new Part II is supplemental to the renumbered Part III but shall control in the event of a conflict.

The bill defines a “distributed energy generation system” as a device or system that:

¹⁹ Pursuant to s. 218.67, F.S., “fiscally constrained counties” are those designated as a “rural area” by the governor or where on a one mill levy would produce less than \$5 million in tax revenue.

- Is used to generate or store electricity;
- Has an electric delivery capacity, individually or in connection with other similar devices or systems, of greater than one kilowatt or one kilowatt-hour; and
- Is primarily intended for on-site use.

The term does not include an electric generator intended for occasional use.

The bill provides that a seller²⁰ who installs a distributed energy generation system must comply with applicable safety standards established by the Department of Business and Professional Regulation pursuant to ch. 489 and part IV of ch. 553, F.S. Chapter 489, F.S., provides for regulation of the construction industry, including licensure of electrical contractors, among others. Part IV of ch. 553, F.S., governs the Florida Building Code. The bill specifies that a seller who is also an installer must be licensed under ch. 489, F.S.

The bill requires that each agreement²¹ governing the sale or lease of a distributed energy generation system must include, at a minimum, a written statement that is printed in at least 12-point type²², that is separate from the agreement and separately acknowledged by the buyer²³, and that includes the following information and disclosures, as applicable:

- The name, address, telephone number, and email address of the buyer.
- The name, address, telephone number, email address, and valid state contractor license number of the person responsible for the installation of the distributed energy generation system.
- The name, address, telephone number, email address, and valid state contractor license number of the distributed energy generation system maintenance provider, if different from the person responsible for installing the system.
- A statement indicating whether the buyer is purchasing or leasing the distributed energy generation system.
 - If the buyer is leasing the distributed energy generation system, the written statement must include a disclosure substantially in the following form: "YOU ARE ENTERING INTO AN AGREEMENT TO LEASE A SOLAR ELECTRICITY GENERATING SYSTEM. YOU WILL LEASE (NOT OWN) THE SYSTEM INSTALLED ON YOUR PROPERTY."
 - If the buyer is purchasing the distributed energy generation system, the written statement must include a disclosure substantially in the following form: "YOU ARE ENTERING INTO AN AGREEMENT TO PURCHASE A SOLAR ELECTRICITY GENERATING SYSTEM. YOU WILL OWN (NOT LEASE) THE SYSTEM INSTALLED ON YOUR PROPERTY."
- The total cost to be paid by the buyer or lessee, including any interest, installation fees, document preparation fees, service fees, or other fees.
- A payment schedule, including any amounts owed at contract signing, at the commencement of installation, at the completion of installation, and any final payments. If the distributed energy generation system is being leased, the written statement must include the frequency and

²⁰ The bill defines a "seller" as "a person regularly engaged in, and whose business substantially consists of, selling or leasing goods, including distributed energy generation systems, to buyers or lessees."

²¹ The bill defines an "agreement" as "a contract executed between a buyer or lessee and a seller that leases or sells a distributed energy generation system," including retail installment contracts. The bill defines a "retail installment contract" as "an agreement executed in this state between a buyer and a seller in which the title to, or a lien upon, a distributed energy generation system is retained or taken by the seller from the buyer as security, in whole or in part, for the buyer's obligations to make specified payments over time."

²² For reference, the body of this bill analysis is prepared in 11-point type.

²³ The bill defines a "buyer" as "a person that enters into an agreement to buy or lease a distributed energy generation system from a seller." Further, the bill defines a "lessee" as "a person that enters into an agreement to lease or rent a distributed energy generation system."

amount of each payment due under the lease and the total estimated lease payments over the term of the lease.

- Each state or federal tax incentive or rebate, if any, relied upon by the seller in determining the price of the distributed energy generation system.
- A description of the assumptions used to calculate any savings estimates provided to the buyer, and if such estimates are provided, a statement in substantially the following form: "It is important to understand that future utility electricity rates are estimates only. Your future utility rates and utility rate changes may vary."
- A description of any one-time or recurring fees, including but not limited to the circumstances triggering any late fees, estimated system removal fees, maintenance fees, internet connection fees, and automated clearing house fees.
- A statement notifying the buyer whether the distributed energy generation system is being financed and, if so, a statement in substantially the following form: "If your system is financed, carefully read any agreements and/or disclosure forms provided by your lender. This statement does not contain the terms of your financing agreement. If you have any questions about your financing arrangement, contact your finance provider before signing a contract."
- A statement notifying the buyer whether the seller is assisting in arranging financing of the distributed energy generation system and, if so, a statement in substantially the following form: "If your system is financed, carefully read any agreements and/or disclosure forms provided by your lender. This statement does not contain the terms of your financing agreement. If you have any questions about your financing arrangement, contact your finance provider before signing a contract."
- A provision notifying the buyer or lessee of the right to rescind the agreement for a period ending not less than three business days after the agreement is signed. This requirement does not apply to a contract to sell or lease a distributed energy generation system in a solar community in which the entire community has been marketed as a solar community and all of the homes in the community are intended to have a distributed energy generation system, or where the developer has incorporated solar technology for purposes of meeting the Florida Building Code adopted under s. 553.73, F.S.
- A description of the distributed energy generation system design assumptions, including the make and model of its major components, system size, estimated first-year production, and estimated annual system production decreases, including the overall percentage degradation over the estimated life of the distributed energy generation system, and the status of utility compensation for excess energy generated by the system at the time of contract signing. If the seller is providing a warranty or guarantee of the energy production output of the distributed energy generation system, then the seller may provide a description of the warranty or guarantee in lieu of a description of the system design and components.
- A description of any performance or production guarantees.
- A description of the ownership and transferability of any tax credits, rebates, incentives, or renewable energy certificates associated with the distributed energy generation system, including a disclosure as to whether the seller will assign or sell any associated renewable energy certificates to a third party.
- A statement in substantially the following form: "You are responsible for property taxes on property you own. Consult a tax professional to understand any tax liability or eligibility for any tax credits that may result from the purchase of your distributed energy generation system."
- The approximate start and completion dates for installation.
- A disclosure as to whether system maintenance and repairs are included in the system purchase.
- A disclosure as to whether any warranty or maintenance obligations related to the distributed energy generation system may be sold or transferred by the seller to a third party and, if so, a statement in substantially the following form: "Your contract may be assigned, sold, or transferred without your consent to a third party that will be bound to all the terms of the contract. If such a transfer occurs, you will be notified if this will change the address or phone number to use for system maintenance or repair requests."

- If the buyer is purchasing the distributed energy generation system, a disclosure notifying the buyer of the requirements for interconnecting the system to the utility system.
- A disclosure notifying the buyer or lessee of the party responsible for obtaining interconnection approval.
- A description of any roof warranties.
- A disclosure notifying the lessee whether the seller will insure a leased distributed energy generation system against damage or loss and, if applicable, the circumstances under which the seller will not insure the system against damage or loss.
- A statement, if applicable, in substantially the following form: "You are responsible for obtaining insurance policies or coverage for any loss of or damage to the system. Consult an insurance professional to understand how to protect against the risk of loss or damage to the system."
- A disclosure notifying the buyer or lessee whether the seller will place a lien on the buyer or lessee's home or other property as a result of entering into a purchase or lease agreement for the distributed energy generation system.
- A disclosure notifying the buyer or lessee whether the seller will file a fixture filing or a State of Florida Uniform Commercial Code Financing Statement Form (UCC-1)²⁴ on the distributed energy generation system.
- A disclosure identifying whether the agreement contains any restrictions on the buyer's or lessee's ability to modify or transfer ownership of a distributed energy generation system, including whether any modification or transfer is subject to review or approval by a third party.
- A disclosure as to whether the lease agreement may be transferred to a purchaser upon sale of the home or real property to which the system is affixed, and any conditions for such transfer.
- A section where the seller may provide additional relevant disclosures or explain disclosures made elsewhere in the disclosure form.

The bill provides penalties for the willful and intentional violation of any of these provisions by a seller. Under the bill, such violations are noncriminal violations punishable by a fine not to exceed the cost of the distributed energy generation system involved in the transaction. In the event of such a violation, an owner²⁵ may recover, or may set off or counterclaim in any action against the owner by the violator, an amount equal to any finance charges and fees charged to the owner under the agreement, plus attorney fees and costs.

The bill states that these provisions do not apply to a person or company, acting through its officers, employees, brokers, or agents, that markets, sells, solicits, negotiates, or enters into an agreement for a distributed energy generation system as part of a transaction involving the sale or transfer of real property to which the system is or will be affixed. Further, the bill states that these provisions do not apply to a transaction involving the sale or transfer of real property on which a system is located. Thus, these provisions do not appear to apply to sellers of new or existing homes, including real estate brokers and agents. The bill also states that these provisions do not apply to a third party, including a local government, that enters into an agreement for the financing of a distributed energy generation system.

The bill requires the Department of Business and Professional Regulation (DBPR) to adopt rules to implement and enforce these provisions. The bill further requires that DBPR, by January 1, 2018, publish standard disclosure forms that sellers may use to comply with the disclosure requirements in the bill.

²⁴ The proper filing of a UCC-1 financing statement or a fixture filing would establish a security interest in the distributed energy generation system. A UCC-1 financing statement is a legal form that a creditor files to give notice that it has or may have an interest in the personal property of a debtor. A "fixture filing" is a financing statement covering goods that are, or are to become, fixtures. s. 679.1021(1)(nn), F.S. "Fixtures" are defined in s. 679.1021(oo), F.S., as "goods that have become so related to particular real property that an interest in them arises under real property law."

²⁵ The bill does not define "owner." The term appears to refer either to the owner of a property to which a distributed energy generation system is affixed or to the owner of such a system.

The bill amends various provisions of law to conform cross-references.

B. SECTION DIRECTORY:

Section 1. Amends s. 24.118, F.S., to conform a cross-reference.

Section 2. Amends s. 193.624, F.S., relating to assessment of property.

Section 3. Creates s. 196.182, F.S., relating to tangible personal property exemption for renewable energy source devices. .

Section 4. Amends s. 501.604, F.S., to conform cross-references.

Section 5. Creates a new Part II of ch. 520, F.S., relating to distributed energy generation system sales, and renumbers existing Parts II-V of ch. 520, F.S.

Section 6. Amends s. 671.304, F.S., to conform cross-references.

Section 7. Provides for expiration of certain provisions on December 31, 2037, and provides terms upon which the text of such provisions may revert to that in existence in December 31, 2017.

Section 8. Provides an effective date of January 1, 2018.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The Revenue Estimating Conference estimates that the provisions of the bill which implement Amendment 4 will have no impact on state government revenues. The remaining provisions of the bill appear to have no impact on state government revenues.

2. Expenditures:

The bill requires DBPR to adopt rules implementing and enforcing the consumer protection provisions of the bill, including standard disclosure forms, thus requiring the expenditure of agency resources.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The Revenue Estimating Conference estimates that the provisions implementing Amendment 4 will have no impact on local governments until fiscal year (FY) 2019-20, with an impact of -\$11.7 million, growing to -\$22.0 million in FY 2020-21. The remaining provisions of the bill appear to have no impact on local government revenues or expenditures.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The provisions of the bill that implement Amendment 4 may result in lower ad valorem taxes and lower overall energy costs for taxpayers who make qualifying improvements to real property. These provisions may stimulate sales and leases of renewable energy source devices and encourage the development of renewable energy device leasing businesses. These provisions will reduce taxes for electric utilities that install renewable energy devices to produce electricity.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The county/municipality mandates provision of Article VII, section 18, of the Florida Constitution, may apply because this bill reduces local government authority to raise revenue by reducing ad valorem tax bases compared to that which would exist under current law. This bill does not appear to qualify under any exemption or exception. If the bill does qualify as a mandate, final passage must be approved by two-thirds of the membership of each house of the Legislature.

Although this bill is implementing a constitutional amendment adopted by Florida voters, the constitutional language is permissive; it authorizes, but does not require, the Legislature to act.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill requires DBPR to adopt rules to implement and enforce the consumer protection provisions of the bill, including the publication of standard disclosure forms that sellers may use to comply with the disclosure requirements in the bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On March 21, 2017, the Energy & Utilities Subcommittee adopted one amendment to the bill and reported the bill favorably as a committee substitute. The amendment:

- Replaces references to “public utilities” with references to “electric utilities,” which include all retail electric utilities in Florida.
- Clarifies that a buyer or lessee of a distributed energy generation system is not required to interconnect with an electric utility unless the buyer or lessee wishes to receive the benefit of a utility net metering program.
- Provides that, in an agreement which contains an estimate of a buyer’s or lessee’s future utility charges based on projected utility rates after the installation of a distributed generation system, the agreement must specify whether, and the extent to which, the estimate is based upon the buyer’s or

lessee's participation in a utility net metering program and must identify any conditions or requirements for participation in the program.

- Removes the requirement for a seller to disclose the assessed value of a distributed energy generation system.

On April 5, 2017, the Ways & Means Committee adopted one technical and one substantive amendment to the committee substitute. In addition to technical changes, the following substantive changes were made:

- Specify that only renewable energy source devices that would otherwise be subject to tax as tangible personal property are exempt only if installed after January 1, 2018.
- Expand the definition of "renewable energy source device" by including:
 - Wiring, structural supports, and components used as integral parts of renewable energy source devices; and
 - Power conditioning and storage devices used to store or expend solar or geothermal energy.
- Clarify that equipment or structures that would be required in the absence of a renewable energy source device are not part of the "renewable energy source device" definition; and
- Specify that the term "renewable energy source device" does not include equipment on the distribution or transmission side of the interconnection point between the device and the electric utility's distribution grid or transmission lines.

The amended committee substitute also excludes certain utility scale renewable energy projects from the tangible personal property exemption applicable to other renewable energy source devices.

On April 19, 2017, the Commerce Committee adopted a strike-all amendment to the bill and reported the bill favorably as a committee substitute. The strike-all amendment:

- Removes references to the term "utility scale renewable energy project."
- Redefines the term "distributed energy generation system" to mean a device or system that is used to generate or store electricity, that has a capacity, individually or in connection with other similar devices or systems, of greater than one kilowatt or one kilowatt-hour, and that is used primarily for on-site consumption.
- Provides that a seller who installs distributed energy generation systems must be licensed under ch. 489, F.S., and must comply with the Florida Building Code.
- Modifies and restructures the disclosure requirements of the bill.
- Exempts contracts for the sale or lease of a distributed energy generation system in a solar community from the three-day right to rescind established in the bill.
- Requires DBPR to adopt rules to implement and enforce the disclosure requirements of the bill and to publish standard disclosure forms.
- Exempts third parties that provide financing for distributed energy generation systems, including local governments that enter into agreements with property owners to finance such systems under Property Assessed Clean Energy programs.

This analysis is drafted to the committee substitute as approved by the Commerce Committee.