VERMONT CHAMBER of Commerce

Re: S.138 Commercial Property-Assessed Clean Energy Projects
House Commerce and Economic Development
Megan Sullivan, Vice President of Government Affairs
April 14, 2026

The Vermont Chamber represents businesses of all sizes, in all industries, in every corner of Vermont. We understand what it takes to help businesses grow and thrive to build strong and vibrant communities, and our members have trusted us to center stewardship in our mission of advancing the Vermont economy. With this mission in mind we appreciate the opportunity to provide feedback S.138 Commercial Property-Assessed Clean Energy Project.

Thank you for the opportunity to submit testimony on S.138, legislation that would expand Vermont's Property-Assessed Clean Energy (C-PACE) authority to include commercial and industrial buildings. I offer this testimony in support of the bill and appreciate the Committee's work to advance policies that strengthen Vermont's economy while supporting energy efficiency and resilience.

This legislation is particularly timely given recent changes at the federal level. Federal energy efficiency and renewable energy incentives have historically played an important role in helping property owners offset the cost of energy upgrades. Many of these incentives have phased down or expired at the end of 2025, creating a financing gap for commercial property owners and businesses seeking to invest in energy efficiency, renewable energy, and resilience improvements. As federal support becomes less available, state-enabled financing tools such as C-PACE become increasingly important. S.138 provides Vermont with a practical, local, and voluntary mechanism to help address this gap.

S.138 aligns closely with the goals of the Vermont Economic Action Plan, which emphasizes efficiency, economic vitality, and a competitive business climate as central to the state's long-term economic success. By enabling long-term financing for energy efficiency and clean energy investments, this legislation supports cost reduction for businesses, encourages private investment, strengthens commercial infrastructure, and improves overall business competitiveness. These outcomes directly advance the Economic Action Plan's focus on affordability, resilience, and economic growth.

Under a C-PACE program, municipalities may establish districts that allow willing commercial and industrial property owners to finance eligible energy efficiency, renewable energy, water conservation, and resilience improvements through a voluntary special assessment on their property tax bill. Repayment terms are typically structured to align with the useful life of the improvements, allowing energy savings to offset project costs over time. Because the assessment is attached to the property rather than the individual owner, it may transfer upon sale, reducing barriers to participation and supporting long-term investment decisions.

Experience from other states demonstrates the value of C-PACE as both an energy and economic development tool.

- **Small commercial properties have successfully used C-PACE to reduce operating costs.** For example, a thrift store in Good Thunder, Minnesota utilized C-PACE financing to install LED lighting, generating meaningful annual energy savings and a strong return over time. Similarly, a gas station in Worthington, Minnesota financed lighting and HVAC upgrades through C-PACE and projected significant long-term cost savings. These projects illustrate how small businesses can make efficiency improvements without upfront capital costs, freeing resources for reinvestment in their operations and communities.
- **C-PACE has supported larger commercial and mixed-use projects.** In Colorado, the statewide C-PACE program has facilitated more than 120 projects across 39 counties, leveraging over $250 million in private capital for clean energy and efficiency improvements. These investments demonstrate the program's ability to attract private financing at scale while supporting job creation and local economic activity.
- **C-PACE has enabled transformative redevelopment and sustainability projects.** In Omaha, Nebraska, a $205 million mixed-use downtown redevelopment incorporated nearly $25 million in C-PACE financing for energy upgrades across residential, hotel, and retail space. The Tivoli Theatre in Chattanooga, Tennessee relied on C-PACE financing as part of a historic renovation that included energy and sustainability improvements. In New Haven, Connecticut, the Hotel Marcel became the nation's first net-zero hotel through C-PACE-financed investments in all-electric systems and high-performance building design. These examples show how C-PACE can support projects that combine economic development, historic preservation, and environmental performance.
- **Community and institutional buildings have benefited from C-PACE financing.** A YMCA in Connecticut installed a combined heat and power system and lighting upgrades using C-PACE, resulting in positive cash flow from the first year of operation. Transit-oriented developments, medical office buildings, and other complex properties have similarly used C-PACE to address energy improvements and project financing challenges. These cases highlight the flexibility of the tool across a wide range of property types.

Taken together, these examples demonstrate that C-PACE can reduce operating costs, attract private capital, support job creation, and improve building performance. Implemented thoughtfully, a Vermont C-PACE program has the potential to deliver similar benefits, supporting economic growth, community vitality, and environmental objectives while advancing priorities identified in the Vermont Economic Action Plan.

It is also important to acknowledge practical considerations related to program design, particularly lender participation. The bill requires written consent from existing mortgage holders and clarifies that participation in the program does not trigger a default under existing financing. These provisions improve certainty for lenders while maintaining access to C-PACE for willing property owners.

The bill also reinforces the role of third-party participants. Financing is provided by private capital providers, not the state or municipalities. Projects require independent, third-party technical analysis or certification, and municipalities may work with a program administrator, including a private entity, to implement the program. This structure reinforces market discipline and limits public exposure.

Other leading C-PACE states, including California, New York, and Connecticut, base this calculation on the as-completed appraised value of the project. Allowing the 90 percent cap to be based on the greater of the municipal assessed value or the as-completed appraised value, as determined by an independent appraisal, would maintain the guardrail while ensuring the program functions as intended. This is a narrow but important adjustment to support both retrofit and new development projects.

In conclusion, S.138 offers Vermont a practical, voluntary, and market-driven tool to support energy efficiency, renewable energy, and resilience investments at a time when federal incentives are less available. The program can help reduce costs for businesses, increase property values, attract private investment, and create jobs. It also supports sustainable economic growth and community resilience. The success of C-PACE programs in other states demonstrates that these outcomes are achievable, and Vermont is well positioned to implement a program tailored to its own economic and policy priorities.

Thank you for the opportunity to provide testimony. I appreciate the Committee's consideration of S.138 and look forward to continued engagement as this legislation moves forward.