ARIZONA STATE SENATE

Fifty-Second Legislature, First Regular Session

FACT SHEET FOR S.B. 1465

distributed energy generation systems; disclosure

Purpose

Requires certain information to be disclosed in any agreement governing the finance, sale or lease of a distributed energy generation system.

Background

Solar energy device (device) is defined as a system or series of mechanisms designed primarily to provide heating, cooling or solar daylighting, to produce electrical or mechanical power or to provide any combination of the foregoing by means of collecting and transferring solar generated energy into such uses either by active or passive means (A.R.S. § 44-1764). Any collectors, heat exchangers and storage units of a device sold or installed in Arizona must be warranted for a period of at least two years and the remaining components and the installation at least one year. Any person who manufacturers, furnishes for installation or installs a device must provide a written statement of warranty, responsibilities assumed or disclaimed and the performance data of the device and components.

Installers, in addition to being a licensed solar contractor, must: 1) possess the general license appropriate for the type of device installed; 2) meet any education and training standards adopted by the Registrar of Contractors; and 3) pass an exam for the type of device installed, if applicable (A.R.S. § 44-1762). Additionally, municipalities and counties are required to adopt standards for issuing permits for construction of photovoltaic systems that will to connect to a utility system (A.R.S. §§ 9-468 and 11-323).

Arizona currently provides a solar energy credit equal to 25 percent of the total cost of the device up to a maximum of $1,000. According to an Arizona Department of Revenue substantive policy statement, a taxpayer who leases a device that is installed on their residence cannot claim the credit, nor can the third party property owner (lessor) claim the credit.

There is no anticipated fiscal impact to the state general fund associated with this legislation.

Provisions

1. Requires an agreement governing the financing, sale or lease of a distributed energy system (system) to:
   a) be in at least 10 point font, dated, signed and include a provision granting the buyer or lessee the right to rescind the agreement up to five business days after signing and before the system is installed;

   b) identify the type of system being sold and all components including serial or manufacturer numbers, if any;
   c) contain specified contact information of the manufacturer, seller or marketer, installer, owner and person responsible for maintaining and warranting the system;
   d) include the total number of payments, frequency, amount, due date and any interest, associated fees or other costs;
   e) provide an accurate summary of the total costs to maintain and operate the system and the total price or total cost over the system's lifespan;
   f) identify potential tax obligations and current tax incentives or subsidies assumed, implied or stated will or could be used to reduce or offset the total purchase price or cost;
   g) contain an accurate estimate of the buyer's or lessee's estimated utility charges within the specified range, if applicable;
   h) disclose if the warranty or maintenance obligation may be sold or transferred to a third party;
   i) disclose any restrictions or other impacts on the ability to modify or transfer ownership of the system or the real property to which the system is affixed and the contact information of the person responsible for approving the modification or transfer; and
   j) disclose whether the person responsible for installing, maintaining and warranting the system is certified by the North American Board of Certified Energy Practitioners (certified).

2. Declares an agreement containing blank spaces when signed as voidable by the buyer or lessee until the system is installed.

3. Requires, before transfer of any warranty or maintenance obligations, the person currently obligated to maintain or warrant the system to disclose whether the third party is certified and provide specified contact information.

4. Orders the seller or marketer to maintain, and make available upon request, all records associated with tax credits for seven years following the effective date of the lease, finance or purchase agreement and provide the buyer or lessee with such records if the seller or marketer ceases doing business.

5. Defines *distributed energy generation system* and *seller or marketer*.

6. Becomes effective on the general effective date.

Prepared by Senate Research
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