

This Document can be made available
in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1098**

February 19, 2007

Authored by Peterson, A.

The bill was read for the first time and referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to energy; creating a revolving loan fund for geothermal heating and
1.3 cooling applications in public buildings; appropriating money; proposing coding
1.4 for new law in Minnesota Statutes, chapter 216C.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. [216C.371] GEOTHERMAL INVESTMENT LOANS.

1.7 Subdivision 1. **Definitions.** For the purpose of this section:

1.8 (a) "Commissioner" means the commissioner of commerce.

1.9 (b) "Geothermal energy investments" means all capital expenditures that are
1.10 associated with a building heating or cooling application using geothermal energy, and
1.11 that have a 20-year or less payback period.

1.12 (c) "Municipality" means any county, statutory or home rule charter city, town,
1.13 school district, or any combination of those units operating under an agreement to jointly
1.14 undertake projects authorized in this section.

1.15 (d) "Geothermal application study" means a study of one or more geothermal-related
1.16 capital improvement projects analyzed in sufficient detail to support a financing
1.17 application. At a minimum, it must include one year of energy consumption and cost
1.18 data, a description of existing conditions, a description of proposed conditions, a detailed
1.19 description of the costs of the project, and calculations sufficient to document the proposed
1.20 energy savings in terms of nongeothermal energy and costs saved.

1.21 Subd. 2. **Eligibility.** The commissioner must approve loans to municipalities
1.22 for geothermal energy investments. A loan may be made to a municipality that has
1.23 demonstrated that it has complied with this section and has made adequate provisions to

2.1 assure proper and efficient operation of the municipal facilities after improvements and
2.2 modifications are completed.

2.3 Subd. 3. **Application.** Application for a loan to be made pursuant to this section
2.4 must be made by a municipality to the commissioner. The commissioner shall review each
2.5 application to determine:

2.6 (1) whether or not the municipality's proposal is complete;

2.7 (2) whether the calculations and estimates contained in the geothermal application
2.8 project study are appropriate, accurate, and reasonable;

2.9 (3) whether the project is eligible for a loan;

2.10 (4) the amount of the loan for which the project is eligible; and

2.11 (5) the means by which the municipality proposes to finance the project.

2.12 During application review, the commissioner may request additional information about a
2.13 proposed geothermal energy investment, including information on project cost.

2.14 Subd. 4. **Conditions for loan approval; repayment.** The commissioner shall
2.15 approve loans to municipalities on the following conditions:

2.16 (a) A municipality must demonstrate that the project is economically feasible, and
2.17 that it has made adequate provisions to assure proper and efficient operation of the facility
2.18 once the project is completed.

2.19 (b) A loan made pursuant to this section is repayable over a period of not more than
2.20 ten years from the date the loan is made. Interest must accrue from the date the loan is
2.21 made, but the first payment of interest or principal is not due until one year after the
2.22 loan was made. The principal must be amortized in equal periodic payments over the
2.23 remainder of the term of the loan. The accrued interest on the balance of the loan principal
2.24 is due with each payment. Interest attributable to the first year of deferred payment must
2.25 be paid in the same manner as principal.

2.26 Subd. 5. **Payment; obligation.** The commissioner shall not approve payment to a
2.27 municipality pursuant to an approved loan until the commissioner has determined that
2.28 financing of the project is assured by an irrevocable undertaking, by resolution of the
2.29 governing body of the municipality, to annually levy or otherwise collect an amount of
2.30 money sufficient to pay the principal and interest due on the loan as well as any of the
2.31 commissioner of finance's administrative expenses according to the terms of the loan.

2.32 Subd. 6. **Geothermal revolving loan account; receipts; appropriation.** The
2.33 geothermal revolving loan account is established in the special revenue fund in the state
2.34 treasury. Earnings and interest on funds in the account must be credited to the account.
2.35 Repayments of loans made under this section must be deposited into the geothermal

3.1 revolving loan account. Money in the geothermal revolving loan account is appropriated
3.2 to the commissioner of commerce for the purposes of making loans under this section.

3.3 Sec. 2. **APPROPRIATION.**

3.4 \$..... is appropriated from the general fund to the commissioner of commerce for
3.5 deposit into the geothermal revolving loan account in the special revenue fund in the state
3.6 treasury. The appropriation does not lapse.