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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-SIXTH  
SESSION

**HOUSE FILE No. 680**

February 9, 2009

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

March 16, 2009

By motion, recalled and re-referred to the Committee on Commerce and Labor

March 18, 2009

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Finance

1.1 A bill for an act  
1.2 relating to energy; providing direction for the use of federal stimulus funding  
1.3 for energy programs; proposing coding for new law in Minnesota Statutes,  
1.4 chapter 216B.

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

1.6 Section 1. **[216B.2405] PUBLIC BUILDING ENERGY SAVINGS REVOLVING**  
1.7 **LOAN FUND.**

1.8 Subdivision 1. **Establishment.** A public building energy savings revolving loan  
1.9 fund is established as an account in the special revenue fund. The commissioner of finance  
1.10 shall credit to the account the amounts authorized under this section and appropriations  
1.11 and transfers to the account. Earnings, such as interest, dividends, and any other earnings  
1.12 arising from fund assets, must be credited to the account.

1.13 Subd. 2. **Deposits.** (a) Owners of projects that have received stimulus funds under  
1.14 section 4 must annually deposit in the account 30 percent of the monetized energy savings  
1.15 realized that are attributable to the stimulus funds until the payback period is ended, as  
1.16 determined by the Office of Energy Security.

1.17 (b) Owners of projects that have received loans under this section must annually  
1.18 deposit in the account 30 percent of the monetized energy savings realized that are  
1.19 attributable to the loan until the payback period is ended, as determined by the Office  
1.20 of Energy Security.

1.21 Subd. 3. **Expenditures.** Money in the account is appropriated to the commissioner  
1.22 of commerce for the purpose of making loans to improve the energy efficiency of local  
1.23 government and school district buildings. Loans made under this section must be

2.1 consistent with the principles contained in section 2 and the financing terms contained in  
2.2 section 4.

2.3 Subd. 4. **Administration.** (a) Applications for a loan under this section must be  
2.4 made in a manner and on forms prescribed by the Office of Energy Security. Loans to  
2.5 eligible projects must be made in the order in which complete applications are received by  
2.6 the commissioner of commerce.

2.7 (b) The Office of Energy Security must establish procedures for the loan application  
2.8 process, criteria which must be met in order for loan applications to be approved, and  
2.9 other provisions necessary to administer the loan program, including, but not limited to,  
2.10 the maximum interest rate that may be charged for a loan.

2.11 **Sec. 2. FEDERAL STIMULUS FUNDING; GOAL OF ENERGY PROGRAMS.**

2.12 Subdivision 1. **Definitions.** For the purposes of sections 1 to 8, the following terms  
2.13 have the meaning given them.

2.14 (a) "Act" means the American Recovery and Reinvestment Act of 2009.

2.15 (b) "Stimulus funding" or "funding" means funding provided to the state under  
2.16 the Act for:

2.17 (1) Energy Efficiency and Conservation Block Grants authorized under subtitle E of  
2.18 title V of the federal Energy Independence and Security Act of 2007;

2.19 (2) the Weatherization Assistance Program under part A of title IV of the federal  
2.20 Energy Conservation and Production Act, United States Code, title 42, section 6861, et.  
2.21 seq.; and

2.22 (3) the State Energy Program authorized under part D of title III of the federal  
2.23 Energy Policy and Conservation Act, United States Code, title 42, section 6321, et. seq.

2.24 Subd. 2. **Stimulus funding allocation and use goals.** To the extent allowed  
2.25 by federal law and regulation and consistent with the purposes and principles of the  
2.26 act, stimulus funding shall be allocated and expended for activities that best achieve  
2.27 the following goals:

2.28 (1) job retention and creation;

2.29 (2) improved energy efficiency and increased renewable energy production capacity;

2.30 (3) coordination with and leveraging of other resources to increase the total benefits  
2.31 derived from stimulus funding;

2.32 (4) timely implementation of funded activities;

2.33 (5) long-term sustainability of benefits derived from stimulus funds;

2.34 (6) geographic distribution across the state; and

3.1 (7) compliance with the disadvantaged business enterprise outreach requirements in  
3.2 Minnesota Statutes, section 16C.16, subdivision 4.

3.3 **Sec. 3. WEATHERIZATION.**

3.4 Subdivision 1. **Allocation of funds.** All stimulus funds for weatherization must be  
3.5 allocated by the director of the Office of Energy Security, consistent with federal allocation  
3.6 requirements and state allocation formulas in the state weatherization plan. Existing  
3.7 providers of weatherization services must be fully utilized, consistent with effective  
3.8 program delivery, before additional providers of weatherization services are added.

3.9 Subd. 2. **Rental units.** Programs that include rental units shall be developed,  
3.10 including developing procedures to increase low-income rental unit participation in  
3.11 programs. Priority shall be given to serving the largest number of new weatherization  
3.12 clients consistent with federal eligibility requirements.

3.13 **Sec. 4. LOCAL GOVERNMENT AND SCHOOL DISTRICT BUILDING**  
3.14 **RENOVATIONS.**

3.15 The Office of Energy Security must coordinate the use of stimulus funds with the  
3.16 local public building enhanced energy-efficiency program under Minnesota Statutes,  
3.17 section 216C.43. The Office of Energy Security shall prioritize lighting upgrades,  
3.18 energy recommissioning, and other cost-effective energy projects that are ready for  
3.19 immediate implementation. Energy-efficiency conservation block grants and state energy  
3.20 program funds may be used to advance local public building enhanced energy-efficiency  
3.21 program projects by either reducing energy bills during a savings repayment period or by  
3.22 decreasing the number of years for payback of energy improvement investments, provided  
3.23 that at least 60 percent of a project's funding is provided by the local governmental unit  
3.24 or school district, the local public building enhanced energy-efficiency program under  
3.25 Minnesota Statutes, section 216C.43, or another local governmental unit or school district  
3.26 financing program. The Office of Energy Security shall coordinate with the Department  
3.27 of Education in prioritizing school district projects, consistent with the principles of  
3.28 statewide geographic distribution of projects, optimized energy savings, and an improved  
3.29 learning environment for schoolchildren.

3.30 **Sec. 5. STATE GOVERNMENT BUILDINGS.**

3.31 The Office of Energy Security and the Department of Administration shall  
3.32 develop a joint plan and joint procedures to select, fund, and implement projects using  
3.33 stimulus funds. The joint plan and procedures shall prioritize lighting upgrades, energy

4.1 recommissioning, and other cost-effective energy projects that are ready for immediate  
4.2 implementation. Energy-efficiency conservation block grants and state energy program  
4.3 funds may be used to advance the state public building enhanced energy-efficiency  
4.4 program under Minnesota Statutes, section 16B.322, projects by either reducing energy  
4.5 bills during a savings repayment period or decreasing the number of years for payback of  
4.6 energy improvement investments, provided that at least 60 percent of a project's funding is  
4.7 provided through the state public building enhanced energy-efficiency program.

4.8 **Sec. 6. RESIDENTIAL WINDOW REPLACEMENT PROGRAMS.**

4.9 The Office of Energy Security must establish a program to fund a window  
4.10 replacement and insulation program for existing housing occupied by low- or  
4.11 moderate-income households. The development and implementation of this financing  
4.12 program must be coordinated with the Minnesota Housing Finance Agency and existing  
4.13 lead abatement programs.

4.14 **Sec. 7. TRAINING AND WORKFORCE DEVELOPMENT.**

4.15 (a) The Department of Employment and Economic Development, in consultation  
4.16 with the Office of Energy Security and the Office of Higher Education, shall develop a  
4.17 plan and procedures to:

4.18 (1) allocate stimulus funds to training programs to train energy professionals needed  
4.19 to implement the energy programs described in sections 3 to 6, including but not limited to  
4.20 energy auditors, energy managers, and building operators;

4.21 (2) coordinate, oversee, and monitor the training and certification of energy  
4.22 professionals; and

4.23 (3) allocate funding for the purposes of clauses (1) and (2) and to training providers.

4.24 (b) Training strategies must be designed to meet the wide range of facilities  
4.25 managers and building sizes and types, and must protect the occupational health and safety  
4.26 of workers employed on these energy projects. Technical skills training must include  
4.27 insulation, air sealing, and mechanical work.

4.28 (c) The plan must include procedures to:

4.29 (1) train individuals already employed in implementing energy programs;

4.30 (2) recruit individuals for training to perform work in energy projects using  
4.31 stimulus funding who are unemployed, especially targeting communities experiencing  
4.32 disproportionately high rates of unemployment, including but not limited to low-income,  
4.33 rural, or tribal communities and individuals in construction trades and crafts; and

5.1 (3) ensure that the full capacity of current training providers is utilized, including but  
5.2 not limited to opportunities industrialization centers, skilled trades labor unions, tribal  
5.3 colleges or nonprofits working in tribal communities, community action partnerships,  
5.4 utility companies, higher education institutions, and nonprofit organizations with  
5.5 demonstrated expertise in energy efficiency.

5.6 **Sec. 8. ACCOUNTABILITY AND TRANSPARENCY REPORTING.**

5.7 The director of the Office of Energy Security shall, after compiling information  
5.8 supplied by the Departments of Administration, Education, Employment and Economic  
5.9 Development, and the Office of Higher Education, report on the progress of the programs  
5.10 funded under sections 3 to 7 to the house of representatives and senate committees with  
5.11 jurisdiction over energy finance and workforce development policy by September 1,  
5.12 2009, January 15, 2010, April 1, 2010, and September 1, 2010. The report shall include a  
5.13 complete accounting of all stimulus funds spent on the programs funded under sections 3  
5.14 to 7, including, but not limited to:

5.15 (1) the specific projects funded, including the location, building owner, and project  
5.16 manager;

5.17 (2) the number of jobs retained or created by each project;

5.18 (3) the total calculated and actual energy savings for each project;

5.19 (4) the remaining balances in each stimulus fund;

5.20 (5) the nonstimulus funding leveraged by stimulus funds for each project;

5.21 (6) the current and projected deposits into the energy savings endowment fund;

5.22 (7) the training courses provided, including the location and provider of courses  
5.23 offered, the funding source for each training course, and the total number of trainees; and

5.24 (8) compliance with prevailing wage, veterans, and disadvantaged business  
5.25 enterprise requirements.

5.26 **Sec. 9. EFFECTIVE DATE.**

5.27 Sections 1 to 8 are effective the day following final enactment.