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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. 3261

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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; modifying microenergy loan program; amending Minnesota
1.3 Statutes 2008, sections 216C.145, subdivisions 3, 5; 216C.146, subdivision 1.

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

1.5 Section 1. Minnesota Statutes 2008, section 216C.145, subdivision 3, is amended to
1.6 read:

1.7 Subd. 3. **Loan purposes.** (a) The commissioner may issue low-interest, long-term
1.8 loans to units of local government to finance community-owned or publicly owned small
1.9 scale renewable energy systems and conservation measures or to provide loans or other
1.10 aids to ~~small businesses~~ property owners to install small-scale renewable energy systems
1.11 and conservation measures in residential, commercial, industrial, or institutional property.

1.12 (b) The commissioner may make loans for energy conservation and renewable
1.13 energy improvement projects that include, but are not limited to, campuses, neighborhoods,
1.14 industrial parks or subdivisions, or other building complexes. The utilities serving these
1.15 projects must be involved in the planning to ensure effective integrated use of the utilities'
1.16 energy conservation, demand response, smart-grid, and renewable energy programs and
1.17 grid safety and reliability.

1.18 ~~(b)~~ (c) The commissioner may participate in loans made by the Housing Finance
1.19 Agency to residential property owners, private developers, nonprofit organizations,
1.20 or units of local government under sections 462A.05, subdivisions 14 and 18; and
1.21 462A.33 for the construction, purchase, or rehabilitation of residential housing to facilitate
1.22 the installation of small-scale renewable energy systems in residential housing and
1.23 cost-effective energy conservation improvements identified in an energy efficiency audit.

2.1 The commissioner shall assist the Housing Finance Agency in assessing the technical
 2.2 qualifications of loan applicants.

2.3 Sec. 2. Minnesota Statutes 2008, section 216C.145, subdivision 5, is amended to read:

2.4 Subd. 5. **Loan proposals.** (a) At least once a year, the commissioner shall publish in
 2.5 the State Register a request for proposals from units of local government for a loan under
 2.6 this section. Within 45 days after the deadline for receipt of proposals, the commissioner
 2.7 shall select proposals based on the following criteria:

2.8 (1) the reliability and cost-effectiveness of the renewable technology to be installed
 2.9 under the proposal;

2.10 (2) the extent to which the proposal effectively integrates with the conservation and
 2.11 energy efficiency programs of the energy utilities serving the proposer;

2.12 (3) the total life cycle energy use and greenhouse gas emissions reductions per
 2.13 dollar of installed cost;

2.14 (4) the diversity of the renewable energy technology installed under the proposal;

2.15 (5) the diversity of renewable energy supply ownership models;

2.16 ~~(5)~~ (6) the geographic distribution of projects throughout the state and among
 2.17 cooperative associations, municipal utilities, and investor-owned utilities;

2.18 ~~(6)~~ (7) the percentage of total project cost requested;

2.19 ~~(7)~~ (8) the proposed security for payback of the loan; and

2.20 ~~(8)~~ (9) other criteria the commissioner may determine to be necessary and
 2.21 appropriate.

2.22 Sec. 3. Minnesota Statutes 2008, section 216C.146, subdivision 1, is amended to read:

2.23 Subdivision 1. **Bonding authority; definition.** (a) The commissioner of
 2.24 management and budget, if requested by the commissioner of commerce, shall sell and
 2.25 issue state revenue bonds for the following purposes:

2.26 (1) to make microenergy loans under section 216C.145;

2.27 (2) to pay the costs of issuance, debt service, and bond insurance or other credit
 2.28 enhancements, and to fund reserves; and

2.29 (3) to refund bonds issued under this section.

2.30 (b) The aggregate principal amount of bonds for the purposes of paragraph (a),
 2.31 clause (1), that may be outstanding at any time may not exceed ~~\$20,000,000~~ \$100,000,000;
 2.32 the principal amount of bonds that may be issued for the purposes of paragraph (a),
 2.33 clauses (2) and (3), is not limited.

3.1 (c) For the purpose of this section, "commissioner" means the commissioner of
3.2 management and budget.