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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 3996

03/19/2018 Authored by Gunther, Maye Quade and Metsa
The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to energy; modifying the energy improvements program; amending
1.3 Minnesota Statutes 2016, sections 216C.435, subdivision 8, by adding subdivisions;
1.4 216C.436, subdivision 2, by adding subdivisions; repealing Minnesota Statutes
1.5 2016, section 216C.436, subdivision 4.

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

1.7 Section 1. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 3b. Eligible measures. "Eligible measures" means residential energy improvements
1.10 that are permanently affixed to the property and that meet one or more standards or
1.11 certification criteria that have been established by a federal agency, including but not limited
1.12 to the United States Department of Energy and the United States Environmental Protection
1.13 Agency, a state agency, or a credible third-party private organization that publishes generally
1.14 acceptable standards with respect to the measure.

1.15 Sec. 2. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision
1.16 to read:

1.17 Subd. 7b. Program administrator. "Program administrator" means a for-profit or a
1.18 not-for-profit organization that administers an energy improvement program on behalf of
1.19 an implementing entity.

2.1 Sec. 3. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision
2.2 to read:

2.3 Subd. 7c. **Property owner.** "Property owner" means a property owner of record on the
2.4 property subject to the energy improvement assessment.

2.5 Sec. 4. Minnesota Statutes 2016, section 216C.435, subdivision 8, is amended to read:

2.6 Subd. 8. **Qualifying ~~real~~ commercial property.** "Qualifying ~~real~~ commercial property"
2.7 means a ~~single-family~~ or multifamily residential dwelling, or a commercial or industrial
2.8 building, that the implementing entity has determined, after review of an energy audit or
2.9 renewable energy system feasibility study, can be benefited by installation of cost-effective
2.10 energy improvements.

2.11 Sec. 5. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision
2.12 to read:

2.13 Subd. 8a. **Qualifying residential property.** "Qualifying residential property" means a
2.14 single-family or other residential dwelling of four or fewer units that the implementing
2.15 entity has determined, after a review of the eligible measures to be installed, can benefit
2.16 from installation of the eligible measures.

2.17 Sec. 6. Minnesota Statutes 2016, section 216C.436, subdivision 2, is amended to read:

2.18 Subd. 2. **Qualifying commercial property program requirements.** A financing program
2.19 for qualifying commercial property must:

2.20 (1) impose requirements and conditions on financing arrangements to ensure timely
2.21 repayment;

2.22 (2) require an energy audit or renewable energy system feasibility study to be conducted
2.23 on the qualifying real property and reviewed by the implementing entity prior to approval
2.24 of the financing;

2.25 (3) require the inspection of all installations and a performance verification of at least
2.26 ten percent of the energy improvements financed by the program;

2.27 (4) not prohibit the financing of all cost-effective energy improvements not otherwise
2.28 prohibited by this section;

2.29 (5) require that all cost-effective energy improvements be made to a qualifying real
2.30 property prior to, or in conjunction with, an applicant's repayment of financing for energy
2.31 improvements for that property;

3.1 (6) have energy improvements financed by the program performed by licensed contractors
 3.2 as required by chapter 326B or other law or ordinance;

3.3 (7) require disclosures to borrowers by the implementing entity of the risks involved in
 3.4 borrowing, including the risk of foreclosure if a tax delinquency results from a default;

3.5 (8) provide financing only to those who demonstrate an ability to repay;

3.6 (9) not provide financing for a qualifying real property in which the owner is not current
 3.7 on mortgage or real property tax payments;

3.8 (10) require a petition to the implementing entity by all owners of the qualifying real
 3.9 property requesting collections of repayments as a special assessment under section 429.101;

3.10 (11) provide that payments and assessments are not accelerated due to a default and that
 3.11 a tax delinquency exists only for assessments not paid when due; and

3.12 (12) require that liability for special assessments related to the financing runs with the
 3.13 qualifying real property.

3.14 Sec. 7. Minnesota Statutes 2016, section 216C.436, is amended by adding a subdivision
 3.15 to read:

3.16 **Subd. 2a. Financing requirements for qualifying commercial property programs.**
 3.17 **Financing provided for qualifying commercial property programs must have:**

3.18 **(1) a cost-weighted average maturity not exceeding the useful life of the energy**
 3.19 **improvements installed as determined by the implementing entity, but not to exceed a term**
 3.20 **of 20 years;**

3.21 **(2) a principal amount not to exceed the lesser of 20 percent of (i) the assessed value of**
 3.22 **the real property on which the improvements are to be installed, or (ii) the actual cost of**
 3.23 **installing the energy improvements, including the costs of necessary equipment, materials,**
 3.24 **and labor, the costs of each related energy audit or renewable energy system feasibility**
 3.25 **study, and the cost of verification of installation; and**

3.26 **(3) an interest rate sufficient to pay the financing costs of the program, including the**
 3.27 **issuance of bonds and any financing delinquencies.**

3.28 Sec. 8. Minnesota Statutes 2016, section 216C.436, is amended by adding a subdivision
 3.29 to read:

3.30 **Subd. 2b. Qualifying residential property programs eligible measures.** (a) A program
 3.31 **administrator shall establish, maintain, and make publicly available an eligible measures**

4.1 list of energy improvements that has been approved by the implementing entity and shall
 4.2 establish reasonable procedures for the inclusion, maintenance, and removal of information
 4.3 included on the eligible measures list. The eligible measures list shall, at a minimum, include
 4.4 the following information for each measure appearing on that list:

4.5 (1) a name or description of the measure;

4.6 (2) eligibility criteria, including performance thresholds, certification requirements, and
 4.7 installation criteria; and

4.8 (3) expected useful life.

4.9 (b) A program administrator may offer energy improvements not included in the eligible
 4.10 measures list if the administrator establishes, maintains, and makes publicly available:

4.11 (1) an application process approved by the local government to permit a contractor or
 4.12 property owner to request an energy improvement assessment for a custom measure; and

4.13 (2) guidelines that have been approved by the local government by which the program
 4.14 administrator shall review and approve the application for a custom measure. Guidelines
 4.15 shall identify minimum requirements and criteria that must be met in order for a custom
 4.16 measure to be approved.

4.17 (c) Ancillary work may be included in a financing agreement for energy improvements
 4.18 only if the scope of the ancillary work is directly related to and necessary for the installation
 4.19 of an eligible measure.

4.20 (d) Any eligible measure financed under an energy improvements program shall be
 4.21 affixed to a building or other part of the property and shall constitute an improvement to
 4.22 the property.

4.23 Sec. 9. Minnesota Statutes 2016, section 216C.436, is amended by adding a subdivision
 4.24 to read:

4.25 Subd. 2c. **Financing requirements for qualifying residential property programs.** (a)
 4.26 A program administrator shall not submit for recordation by a local government any financing
 4.27 agreement unless the following criteria are met:

4.28 (1) all property taxes for the property subject to the financing agreement are current.
 4.29 The program administrator shall ask the property owner whether there has been no more
 4.30 than one late payment of property taxes on the property for the previous three years or since
 4.31 the current owner acquired the property, whichever period is shorter;

5.1 (2) the property subject to the financing agreement has no recorded and outstanding
5.2 involuntary liens in excess of \$1,000, indexed for inflation;

5.3 (3) the property subject to the financing agreement has no notices of default currently
5.4 recorded, which have not been rescinded;

5.5 (4) the property owner has not been subject to any bankruptcy proceedings within the
5.6 last seven years, except that the property owner may have been subject to a bankruptcy
5.7 proceeding that was discharged or dismissed more than two years before the application
5.8 date and the property owner has had no more than one 30-day late payment on any mortgage
5.9 debt or nonmortgage debt, excluding debt incurred in connection with medical expenses,
5.10 as reported on their consumer credit report during the 12 months immediately preceding
5.11 the application date;

5.12 (5) the property owner is current on all mortgage debt on the subject property and has
5.13 no more than one 30-day late payment for the debt reported on their consumer credit report
5.14 during the 12 months immediately preceding the application date;

5.15 (6) the property subject to the financing agreement is within the jurisdiction of the
5.16 implementing entity;

5.17 (7) the financing does not exceed 20 percent of the market value of the property, inclusive
5.18 of existing recorded assessments;

5.19 (8) the total balance of energy improvement assessments and mortgage-related debt
5.20 recorded against the property subject to the energy improvement assessment does not exceed
5.21 97 percent of the fair market value of the property as established by the valuation;

5.22 (9) the term of the energy improvement assessment does not exceed the estimated useful
5.23 life of the eligible measure to which the greatest portion of funds disbursed under the
5.24 financing agreement is attributable; and

5.25 (10) the property owner has disclosed whether additional energy improvement
5.26 assessments that have not been recorded have been authorized by any property owner to be
5.27 placed on the same subject property.

5.28 (b) A program administrator shall calculate a market value determination using one of
5.29 the following:

5.30 (1) an automated valuation model, using the following criteria:

5.31 (i) the automated valuation model must be provided by a third-party vendor;

6.1 (ii) the automated valuation model must have estimation models with confidence scores
6.2 and periodic statistical calibration by the third-party vendor;

6.3 (iii) the program administrator must request at least three automated valuation models
6.4 for each property. The estimated value for each model shall be the average between the
6.5 high and low values, if a range is provided; and

6.6 (iv) the program administrator shall use the estimated value with the highest confidence
6.7 score for a property. If an automated valuation model meeting the criteria under items (i)
6.8 to (iii) does not return a confidence score for a subject property, the program administrator
6.9 shall use the average of all estimated values that have been returned; and

6.10 (2) the assessed value of the real property on which the improvements are to be installed.

6.11 (c) The market value determination shall be disclosed to the property owner prior to
6.12 signing the financing agreement.

6.13 (d) A program administrator shall determine, prior to recordation of an energy
6.14 improvement financing agreement, that the property owner has a reasonable ability to pay
6.15 the annual payment obligation for the energy improvement assessment based on the property
6.16 owner income, assets, and current debt obligations. The determination process shall be
6.17 based on the following factors:

6.18 (1) at least one property owner shall submit on their application their monthly income
6.19 and monthly housing expenses;

6.20 (2) housing expenses shall include all mortgage principal and interest payments,
6.21 insurance, property taxes, mortgage guaranty insurance, and other preexisting fees and
6.22 assessments on the property. Household income may include the income of any persons 18
6.23 years of age or older who reside at the property. For any person whose income is considered,
6.24 the person's debt obligations must also be considered under the provisions of this section.
6.25 The program administrator shall not be required to consider more income than is necessary,
6.26 or verify assets if verified income is sufficient to determine the ability to pay the annual
6.27 payment obligation;

6.28 (3) debt obligations calculated in accordance with paragraph (f); and

6.29 (4) the equity of the property securing the assessment shall not be considered in a
6.30 calculation of ability to pay.

6.31 (e) The program administrator shall determine and consider the current or reasonably
6.32 expected income or assets of the property owner that the program administrator relies upon
6.33 to determine a property owner's ability to pay the annual payment obligation for the energy

7.1 improvements assessment using reasonably reliable third-party records of the property
7.2 owner's income or assets. The program administrator may use automated verification,
7.3 provided the source of that verification is (i) specific to the income of the property owner
7.4 and not based on predictive or estimation methodologies, and (ii) has been deemed sufficient
7.5 for verification purposes by a federal mortgage lending authority or regulator. Examples of
7.6 records the program administrator may use to verify the property owner's income or assets
7.7 include, but are not limited to:

7.8 (1) a pay stub issued within the last 30 days or financial institution records showing
7.9 deposit activity within the last 60 days;

7.10 (2) copies of tax returns the property owner filed with the Internal Revenue Service or
7.11 the Franchise Tax Board;

7.12 (3) Internal Revenue Service Form W-2 (Wage and Tax Statement) or other similar
7.13 Internal Revenue Service forms that are used for reporting wages or tax withholding;

7.14 (4) payroll statements, including the Department of Defense Leave and Earnings
7.15 Statement (LES);

7.16 (5) financial institution records, such as bank statements or investment account statements
7.17 reflecting the value of particular assets;

7.18 (6) records from the property owner's employer or third party that obtained income
7.19 information from the employer; and

7.20 (7) records from a federal, state, or local government agency stating the property owner's
7.21 income, including benefits or entitlements.

7.22 (f) A program administrator shall consider the monthly debt obligations of the property
7.23 owner to determine a property owner's ability to pay the annual obligation of the qualifying
7.24 improvements assessment using reasonably reliable third-party records, including one or
7.25 more consumer credit reports from agencies that meet the requirements of United States
7.26 Code, title 15, section 1681a, paragraph (p). For purposes of this paragraph, monthly debt
7.27 obligations means:

7.28 (1) all secured and unsecured debt reflected in the consumer credit reports obtained by
7.29 the program administrator;

7.30 (2) monthly housing expenses; and

7.31 (3) any stated alimony or child support obligations.

8.1 (g) In calculating the ability of the property owner to pay the annual obligation, the
8.2 program administrator shall determine that the property owner's income is sufficient to
8.3 meet:

8.4 (1) the annual energy improvement assessment obligation;

8.5 (2) any mortgage payments, as defined by the higher of the borrowers self-reported
8.6 housing expenses or the mortgage payments identified in the consumer credit reports obtained
8.7 by the program administrator;

8.8 (3) all other existing debts and obligations identified in paragraph (f); and

8.9 (4) sufficient residual income to meet basic household living expenses. A program
8.10 administrator may make reasonable estimation of basic living expenses based on the number
8.11 of persons in the household.

8.12 (h) In the case of emergency or immediate necessity, the requirements of paragraph (e)
8.13 may be waived for the funding and recordation of a qualifying improvements assessment
8.14 to finance a heating, ventilation, and air conditioning (HVAC) system, boiler, or other
8.15 system whose primary function is temperature regulation in a home if all of the following
8.16 are met:

8.17 (1) the program administrator first attempted to use an automated means of verification
8.18 as described in paragraph (e);

8.19 (2) if the program administrator was unable to verify the property owner's income
8.20 pursuant to paragraph (e), the program administrator may rely on the stated income of the
8.21 property owner;

8.22 (3) the funding is limited to the emergency or immediate necessity energy program
8.23 improvement and any required ancillary work necessary to the installation and safe operation
8.24 of the energy program improvement;

8.25 (4) the property owner executes a waiver of their right to cancel and confirms the
8.26 emergency or immediate necessity of the eligible measure; and

8.27 (5) the amount of the financing agreement does not exceed \$15,000 or a monthly
8.28 equivalent payment on the energy improvement program assessment of \$125, both indexed
8.29 for inflation, whichever is greater.

8.30 (i) If the determination of a property owner's ability to pay an annual payment obligation
8.31 is lower than the actual annual energy improvement payment obligation under an energy
8.32 improvement assessment and the consumer is obligated under a home improvement contract

9.1 directly related to such an assessment, the program administrator is responsible for the
 9.2 difference unless the determination was based on any misrepresentation by any property
 9.3 owner.

9.4 (j) An implementing entity may enter into a financing agreement only with the record
 9.5 owner of the affected property. Any financing agreement entered into under this subdivision
 9.6 shall be recorded in the public records of the county in which the property is located within
 9.7 five days after execution of the agreement. An agreement, including supporting documents
 9.8 and disclosures, entered into under this subdivision does not need to be notarized.

9.9 Sec. 10. Minnesota Statutes 2016, section 216C.436, is amended by adding a subdivision
 9.10 to read:

9.11 Subd. 2d. **Qualifying residential property program oral confirmation; disclosure;**
 9.12 **right to cancel; contractor requirements.** (a) Before a property owner executes an energy
 9.13 improvement assessment contract, a program administrator operating under an implementing
 9.14 entity shall:

9.15 (1) provide a copy of the energy improvement assessment contract;

9.16 (2) make an oral confirmation, via mobile device or telephone, of the key terms of the
 9.17 assessment contract, in plain language, with the property owner or a verified authorized
 9.18 representative of the owner on the call and shall obtain acknowledgment from the property
 9.19 owner on the call to whom the oral confirmation is given;

9.20 (3) record the oral confirmation in an audio format under applicable laws, to be
 9.21 maintained for five years. The program administrator does not comply with this requirement
 9.22 through the use of a prerecorded message or other similar device or method; and

9.23 (4) the program administrator shall develop additional procedures to address the needs
 9.24 and concerns of the elderly to be approved by the implementing entity.

9.25 (b) Oral confirmation shall include but is not limited to the following:

9.26 (1) the eligible measure is being funded by an assessment;

9.27 (2) the total estimated amount the property owner must pay under the energy improvement
 9.28 assessment contract, including applicable fees;

9.29 (3) the estimated date the first payment is due;

9.30 (4) the term of the assessment contract;

10.1 (5) payments on the energy improvement assessment contract must be collected along
10.2 with the property taxes;

10.3 (6) the property will be subject to a lien during the term of the energy improvement
10.4 assessment contract;

10.5 (7) the property owner has disclosed whether additional energy improvement assessments
10.6 have been authorized by any property owner to be placed on the property;

10.7 (8) the property owner understands and affirms the financial information provided, and
10.8 the property owner has the financial means to make payments on the financing agreement
10.9 in addition to other expenses;

10.10 (9) any potential utility savings are not guaranteed, and do not reduce the non-ad valorem
10.11 assessment payments or total assessment amount;

10.12 (10) the program administrator and contractor do not provide tax advice, and the property
10.13 owner should seek professional tax advice if the property owner has questions regarding
10.14 the tax impact of the non-ad valorem assessment or energy improvements assessment
10.15 contract;

10.16 (11) the obligations under the energy improvement assessment contract may be required
10.17 to be paid in full before the property owner sells or refinances the property; and

10.18 (12) the property owner may be subject to penalties in the event of a delinquency or
10.19 default.

10.20 (c) At the commencement of the oral confirmation, the program administrator shall ask
10.21 if the property owner on the call prefers to communicate during the oral confirmation
10.22 primarily in a language other than English. If the preferred language is supported by the
10.23 program administrator, the oral confirmation shall be given in that primary language, except
10.24 where the property owner on the call chooses to communicate through the property owner's
10.25 interpreter. If the preferred language is not supported and an interpreter is not chosen by
10.26 the property owner on the call, the financing agreement may not proceed. For the purposes
10.27 of this section, "the property owner's interpreter" means a person, not a minor, able to speak
10.28 fluently and read with full understanding both the English language and any of the languages
10.29 specified in this section and who is not employed by, and whose services are not made
10.30 available through, the program administrator, the public agency or the contractor, excepting
10.31 entities or individuals certified or approved by a local government for translation services
10.32 in the preferred language.

11.1 (d) Beginning on July 1, 2019, if the oral confirmation was conducted primarily in a
11.2 language other than English, the program administrator shall deliver, in writing, the financing
11.3 agreement, disclosure form, and right to cancel form in the language in which the oral
11.4 confirmation was conducted, that includes a translation of every term and condition in that
11.5 contract or agreement.

11.6 (e) Every implementing entity that offers qualifying improvements under this section
11.7 shall be required to develop a disclosure form for homeowners. The disclosure form shall
11.8 disclose all key financing terms of the financing agreement including, but not limited to:

11.9 (1) the total amount funded, including the cost of the installed improvements together
11.10 with program fees and capitalized interest, if any;

11.11 (2) the annual tax obligation;

11.12 (3) the annual payment amounts;

11.13 (4) the term of the assessment;

11.14 (5) the stated rate of interest;

11.15 (6) the annual percentage rate;

11.16 (7) a payment schedule;

11.17 (8) the improvements to be installed;

11.18 (9) if the property owner sells or refinances the property, the property owner may be
11.19 required to pay off the assessment as a condition of sale or refinance;

11.20 (10) no penalty shall be assessed or collected for prepayment of the assessment;

11.21 (11) any potential utility savings are not guaranteed and do not reduce the assessment
11.22 payments or total assessment amount;

11.23 (12) the assessment must be collected along with the property taxes and results in a lien
11.24 on the property;

11.25 (13) the payments will be added to their property tax bill;

11.26 (14) failure to pay the assessment may result in penalties and fees, and may result in the
11.27 property owner losing the home; and

11.28 (15) the property owner should seek professional tax advice if the property owner has
11.29 questions regarding tax credits, tax deductibility, or the tax impact on the assessment or
11.30 financing agreement.

12.1 A program administrator shall present the disclosure form to a property owner for
12.2 acknowledgment prior to the execution of a financing agreement.

12.3 (f) A program administrator is required, as a part of its financing agreement, to provide
12.4 a three-day right to cancel the energy improvements financing. The three-day right expires
12.5 on or before midnight of the third business day after a property owner signs the financing
12.6 agreement. A program administrator shall be required to provide a printed form for the right
12.7 to cancel that is presented to the property owner no later than the time of signing of the
12.8 financing agreement.

12.9 (g) The implementing entity shall develop a form to notify the property owner in writing
12.10 and include in the call procedure that the property owner may rescind any financing
12.11 agreement entered into under this subdivision no later than three business days after entering
12.12 into the agreement. All program administrators shall be required to provide the form at the
12.13 same time as the disclosure form. The notification shall be provided to the property owner
12.14 as a printed copy unless the property owner agrees to an electronic copy.

12.15 (h) The property owner may waive the right to cancel if all of the following are met:

12.16 (1) the contract is executed in connection with the making of emergency or immediately
12.17 necessary repairs to protect persons or real or personal property;

12.18 (2) the property owner initiated the contract for the emergency repair or immediately
12.19 necessary repair;

12.20 (3) the property owner provides a separate statement that is handwritten in ink by the
12.21 property owner and dated and signed by each property owner, describing the situation that
12.22 requires immediate remedy and expressly acknowledging that the contractor has informed
12.23 the property owner of the right to cancel and the property owner waives the right to cancel
12.24 the sale; and

12.25 (4) if the property owner waives the right to cancel on the home improvement contract
12.26 to allow the home improvement contractor to proceed with installation and then cancels the
12.27 energy improvements program financing, the cancellation does not invalidate the home
12.28 improvement contract.

12.29 (i) A program administrator shall not permit contractors or other third parties to advertise
12.30 the availability of financing agreements administered by the program administrator or to
12.31 solicit property owners on behalf of the program administrator unless the requirements in
12.32 clauses (1) to (8) are met:

13.1 (1) the contractor maintains a license in good standing with the Department of Labor
13.2 and Industry, as well as any other permits, licenses, or registrations required to engage in
13.3 business in the jurisdiction where the contractor operates and maintains any required bond
13.4 and insurance coverage;

13.5 (2) the program administrator obtains the contractor's written agreement that the
13.6 contractor or third party will comply with applicable advertising and marketing laws and
13.7 regulations, and all other applicable laws;

13.8 (3) a program administrator shall not provide any direct or indirect cash payment or
13.9 other thing of material value to a contractor in excess of the actual price charged by that
13.10 contractor to the property owner for the sale and installation of one or more efficiency
13.11 improvements financed by a financing agreement. This prohibition does not apply to any
13.12 communication between a program administrator and a contractor, any information disclosed
13.13 by or to a program administrator, or any service provided by a program administrator to a
13.14 contractor to enable or facilitate the installation of efficiency improvements for an application
13.15 or prospective application for energy improvements financing;

13.16 (4) a program administrator is not permitted to reimburse expenses to a contractor for
13.17 advertising and marketing campaigns and collateral. The reimbursement of a contractor's
13.18 bona fide and reasonable training expenses related to energy improvement financing is
13.19 permitted, provided that such training expenses are actually incurred by the contractor.
13.20 Reimbursement shall not exceed \$100 per each salesperson or agent of the contractor who
13.21 participated in such training and shall be paid directly to the contractor, not the contractor's
13.22 salespersons or agents;

13.23 (5) a program administrator shall not provide any direct cash payment or other thing of
13.24 value to a property owner explicitly conditioned upon that property owner entering into a
13.25 financing agreement. Programs or promotions that offer reduced fees or interest rates to
13.26 property owners are neither a direct cash payment or other thing of value, provided that the
13.27 reduced fee or interest rate is reflected in the financing agreement and is in no circumstance
13.28 provided to the property owner as cash consideration;

13.29 (6) a program administrator, contractor, or third party shall not make any representation
13.30 as to the tax deductibility of a financing agreement unless that representation is consistent
13.31 with the representations, statements, or opinions of the Internal Revenue Service or the
13.32 Department of Revenue with regard to the tax treatment of non-ad valorem assessments;

13.33 (7) at the time of sale, a program administrator shall not provide to a contractor engaged
13.34 in soliciting financing agreements on its behalf any information that discloses the amount

14.1 of funds for which a property owner is eligible for qualifying improvements of the amount
 14.2 of equity in a property; and

14.3 (8) a contractor shall not provide a different price for a project financing under this
 14.4 section than the contractor would provide if paid in cash by the property owner.

14.5 Sec. 11. Minnesota Statutes 2016, section 216C.436, is amended by adding a subdivision
 14.6 to read:

14.7 Subd. 2e. **Qualifying residential property program reporting requirements.** (a) An
 14.8 implementing entity offering energy improvements shall, on an annual basis, make publicly
 14.9 available on the Web site of the implementing entity a report that contains the following
 14.10 information along with all methodologies and supporting assumptions or sources relied
 14.11 upon in preparing the report:

14.12 (1) the number of energy improvements assessments funded by city, county, and zip
 14.13 code;

14.14 (2) the aggregate dollar amount of energy improvements assessments funded by city,
 14.15 county, and zip code;

14.16 (3) the average dollar amount of energy improvements assessments funded by city,
 14.17 county, and zip code;

14.18 (4) the categories of installed measures, whether energy efficiency, renewable energy,
 14.19 flood mitigation, and disaster resiliency, and the percentage of qualifying improvements
 14.20 assessments represented by each category type on a number and dollar basis, by city, county,
 14.21 and zip code;

14.22 (5) the number of defaulted assessments and for each defaulted assessment:

14.23 (i) the total defaulted amount;

14.24 (ii) the number and dates of missed payments; and

14.25 (iii) city, county, and zip code in which the underlying property is located;

14.26 (6) the percentage the defaults represent of the total assessments within each zip code;

14.27 (7) the total number of parcels defaulted and the number of years in default for each
 14.28 property;

14.29 (8) estimated total amount of energy saved, the estimated total dollar amount of the
 14.30 savings by property owners by measures installed in the calendar year, by city, county, and
 14.31 zip code, the total number of energy savings improvements, and the number of improvements

15.1 installed that meet the Energy Star program standards of the United States Environmental
15.2 Protection Agency, including the overall average efficiency rating of installed units for each
15.3 product type;

15.4 (9) estimated total amount of renewable energy produced by measures installed in the
15.5 calendar year, by city, county, and zip code. In addition, report the total number of renewable
15.6 energy installations, including the average and median system size;

15.7 (10) estimated amount of greenhouse gas emissions reductions;

15.8 (11) estimated number of jobs created;

15.9 (12) the average and median amount of annual and total energy improvement assessments
15.10 based on city, county, and zip code; and

15.11 (13) the number and percentage of homeowners over 60 years of age by city, county,
15.12 and zip code.

15.13 (b) All reports made publicly available under this subdivision shall include only aggregate
15.14 data and shall not include any nonpublic personal information.

15.15 Sec. 12. Minnesota Statutes 2016, section 216C.436, is amended by adding a subdivision
15.16 to read:

15.17 Subd. 10. **Applicability; contractual obligations.** Nothing in this section shall be
15.18 construed to void, invalidate, impair, or release a property owner from the contractual
15.19 obligations incurred under the financing agreement or to create or modify any rights or
15.20 obligations not expressly created or modified under a financing agreement subject to this
15.21 section.

15.22 Sec. 13. **REPEALER.**

15.23 Minnesota Statutes 2016, section 216C.436, subdivision 4, is repealed.

216C.436 ENERGY IMPROVEMENTS PROGRAM FOR LOCAL GOVERNMENTS.

Subd. 4. **Financing terms.** Financing provided under this section must have:

(1) a cost-weighted average maturity not exceeding the useful life of the energy improvements installed, as determined by the implementing entity, but in no event may a term exceed 20 years;

(2) a principal amount not to exceed the lesser of 20 percent of the assessed value of the real property on which the improvements are to be installed or the actual cost of installing the energy improvements, including the costs of necessary equipment, materials, and labor, the costs of each related energy audit or renewable energy system feasibility study, and the cost of verification of installation; and

(3) an interest rate sufficient to pay the financing costs of the program, including the issuance of bonds and any financing delinquencies.