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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 320

02/04/2013 Authored by McNamar; Erickson, R.; Simonson; Bly; Wagenius and others
The bill was read for the first time and referred to the Committee on Energy Policy
03/06/2013 Adoption of Report: Pass and re-referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to capital investment; establishing the school energy conservation
1.3 revolving loan program; permitting school districts to repay energy conservation
1.4 loans from levies made without voter approval; authorizing the sale and issuance
1.5 of state general obligation bonds; appropriating money; amending Minnesota
1.6 Statutes 2012, section 126C.40, subdivision 5; proposing coding for new law
1.7 in Minnesota Statutes, chapter 216C.

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

1.9 Section 1. Minnesota Statutes 2012, section 126C.40, subdivision 5, is amended to read:

1.10 Subd. 5. **Energy conservation.** (a) For loans approved before March 1, 1998, the
1.11 district may annually include as revenue under section 123B.53, without the approval of a
1.12 majority of the voters in the district, an amount sufficient to repay the annual principal
1.13 and interest of the loan made pursuant to sections ~~216C.37~~ and 298.292 to 298.298.

1.14 ~~For energy loans approved after March 1, 1998, school districts must annually transfer~~
1.15 ~~from the general fund to the debt redemption fund the amount sufficient to pay interest~~
1.16 ~~and principal on the loans.~~

1.17 (b) A district may annually include as revenue under section 123B.53, without the
1.18 approval of a majority of the voters in the district, an amount sufficient to repay the annual
1.19 principal and interest of a loan made pursuant to sections 216C.37 and 216C.372.

1.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.21 Sec. 2. **[216C.371] DEFINITIONS.**

1.22 Subdivision 1. **Scope.** For the purposes of this section and section 216C.372, the
1.23 following terms have the meanings given them.

2.1 Subd. 2. **Capital improvement.** "Capital improvement" means the acquisition or
 2.2 betterment of public land, buildings, and other public improvements of a capital nature,
 2.3 as permitted by the Minnesota Constitution, article XI, section 5, clause (a). It does not
 2.4 include repair or maintenance.

2.5 Subd. 3. **Energy audit.** "Energy audit" has the meaning given in section 216C.435,
 2.6 subdivision 4.

2.7 Subd. 4. **Energy improvement.** "Energy improvement" means a renovation or
 2.8 retrofitting of a school building that is permanently affixed to the property and that results
 2.9 in a net reduction in energy consumption without altering the principal source of energy.

2.10 Subd. 5. **School building.** "School building" means a permanent structure owned
 2.11 by and used for school district purposes that has a permanently installed heating or
 2.12 cooling system.

2.13 Subd. 6. **School district.** "School district" means a public independent, common,
 2.14 special, or intermediate school district or a charter school.

2.15 Subd. 7. **Statewide greenhouse gas emissions.** "Statewide greenhouse gas
 2.16 emissions" has the meaning given in section 216H.01, subdivision 2.

2.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.18 Sec. 3. **[216C.372] SCHOOL ENERGY CONSERVATION REVOLVING LOAN**
 2.19 **PROGRAM.**

2.20 Subdivision 1. **Loan program established.** A school energy conservation
 2.21 revolving loan program account is established in the state bond proceeds fund to
 2.22 receive appropriations of state bond proceeds. Money in the account is appropriated
 2.23 to the commissioner of commerce to make loans to school districts for eligible capital
 2.24 improvement projects as provided in this section and to pay reasonable and actual costs
 2.25 of administering the loan program, not to exceed interest earned on fund assets. The
 2.26 commissioner of management and budget must credit to the account all investment income
 2.27 on money in the account, and all repayments of principal and interest. Section 16A.642
 2.28 does not apply to money in the account or the program. The commissioner of commerce
 2.29 shall manage and administer the revolving loan program and individual accounts in the
 2.30 revolving loan account.

2.31 Subd. 2. **Purpose.** The school energy conservation revolving loan program is
 2.32 created to provide financial assistance to school districts to make energy improvements in
 2.33 school buildings that reduce statewide greenhouse gas emissions and improve indoor air
 2.34 quality in schools.

3.1 Subd. 3. **Limitations.** The commissioner of commerce shall make loans on a first
 3.2 come, first-served basis. A school district may not be awarded more than an aggregate
 3.3 total of \$....., whether for one or more projects or one or more loans under this section.

3.4 Subd. 4. **Applications.** A school district applying for a loan must submit an
 3.5 application to the commissioner of commerce in the manner and on forms prescribed by
 3.6 the commissioner. An applicant must provide the following information:

3.7 (1) the name and contact information of the school district and the persons
 3.8 responsible for loan administration and project implementation matters;

3.9 (2) the estimated total cost of the capital improvement project and the amount of
 3.10 the loan sought;

3.11 (3) a description of the energy improvements to be made to school buildings as part
 3.12 of the project, and new equipment and materials to be installed;

3.13 (4) the proposed methods and sources of funds to be used to repay a loan made
 3.14 under this section;

3.15 (5) the proposed source of matching funds to be used in conjunction with a loan
 3.16 made under this section, as required under subdivision 5;

3.17 (6) the results of an energy audit conducted by an independent contractor estimating
 3.18 the energy savings that will be realized as a result of the project;

3.19 (7) a description of the projected improvements in indoor air quality achieved as
 3.20 a result of the project, if applicable; and

3.21 (8) any additional information requested by the commissioner of commerce.

3.22 Subd. 5. **Loan conditions.** (a) A loan made under this section must:

3.23 (1) represent no more than one-half of the total cost of the project;

3.24 (2) have a repayment term no longer than 20 years; and

3.25 (3) bear interest at or below the market rate.

3.26 (b) A school district loan recipient may apply towards the school district's share of
 3.27 the total project costs the amount that the school district spent on the energy audit, and any
 3.28 amounts it spends to implement energy audit recommendations that are part of the overall
 3.29 project but that are not eligible for financing with the loan money.

3.30 Subd. 6. **Biennial report.** The commissioner of commerce shall report by February
 3.31 1 of each even-numbered year to the chairs and ranking minority members of the
 3.32 committees of the house of representatives and senate with jurisdiction over energy policy,
 3.33 education finance, and capital investment. The report must identify the school districts and
 3.34 school buildings in which projects have been financed through the program, the amount of
 3.35 the loans, the total project costs, the estimated and, if possible, measured energy savings
 3.36 and greenhouse gas emissions reductions, the demand for loans and the availability of

4.1 loan money, and any other information the commissioner determines would be useful to
4.2 the legislature. The commissioner shall also submit the report as required in section 3.195.

4.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.4 Sec. 4. **PUBLIC SCHOOL ENERGY CONSERVATION REVOLVING LOAN**
4.5 **PROGRAM.**

4.6 Subdivision 1. **Appropriation.** \$..... is appropriated from the bond proceeds fund
4.7 to the commissioner of commerce for the school energy conservation revolving loan
4.8 program under Minnesota Statutes, sections 216C.371 and 216C.372.

4.9 Subd. 2. **Bond sale.** To provide the money appropriated in this section from the
4.10 bond proceeds fund, the commissioner of management and budget shall sell and issue
4.11 bonds of the state in an amount up to \$..... in the manner, upon the terms, and with
4.12 the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the
4.13 Minnesota Constitution, article XI, sections 4 to 7.

4.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.