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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 2748

03/28/2019 Authored by Acomb, Wagenius and Bierman The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to capital investment; energy; establishing a loan fund for energy
1.3 conservation improvements in schools; appropriating money; authorizing the sale
1.4 and issuance of state bonds; proposing coding for new law in Minnesota Statutes,
1.5 chapter 216C.

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

1.7 Section 1. [216C.372] SCHOOL ENERGY CONSERVATION LOAN PROGRAM.

1.8 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.9 the meanings given them.

1.10 (b) "Energy conservation improvement" means the predesign, design, acquisition,
1.11 construction, or installation of a solar energy system for a school building that (1) is
1.12 incorporated into the building or is a permanent fixture, (2) has a useful life of more than
1.13 ten years, and (3) is designed to result in a demand-side net reduction in energy use by the
1.14 school building's electrical, heating, ventilating, air-conditioning, or hot water systems.

1.15 (c) "School district" means an independent or special school district.

1.16 Subd. 2. Establishment; conditions. (a) A school energy conservation improvement
1.17 loan program is established to make loans to school districts for energy conservation
1.18 improvements as provided in this section.

1.19 (b) The commissioner shall make loans on a first-come, first-served basis.

1.20 (c) A school district may not be awarded more than an aggregate total of \$....., whether
1.21 for one or more projects or one or more loans under this section. A loan may be for up to
1.22 percent of total project costs.

2.1 (d) A loan interest rate must be at one-half the rate the state pays in interest for the
2.2 various purpose bonds sold immediately preceding the issuance of the loan to the school
2.3 district. A loan term must not exceed 15 years.

2.4 (e) Loan principal and interest payments must begin no later than one year after
2.5 completion of the project.

2.6 (f) Loan principal and interest payments must be deposited in the state bond fund under
2.7 section 16A.641.

2.8 Subd. 3. **Applications.** A school district applying for an energy conservation improvement
2.9 loan must submit an application to the commissioner on a form, in the manner, and at the
2.10 time prescribed by the commissioner. An applicant must supply the following information:

2.11 (1) the total estimated cost of the energy conservation improvements and the loan amount
2.12 sought;

2.13 (2) a description of energy conservation improvements;

2.14 (3) a detailed budget for the project, including all sources and uses of money;

2.15 (4) calculations sufficient to demonstrate the expected energy and monetary savings that
2.16 result from construction and installation of the energy conservation improvements;

2.17 (5) information demonstrating the school district's ability to repay the loan; and

2.18 (6) any additional information requested by the commissioner.

2.19 Subd. 4. **Exception.** Section 126C.10, subdivision 14, clause (11), does not apply to
2.20 loans made under this section. A loan made under this section is not included in the
2.21 calculation of debt for purposes of debt limits under section 475.53, subdivision 4.

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

2.23 Sec. 2. **APPROPRIATION; BOND SALE AUTHORIZATION.**

2.24 Subdivision 1. **Appropriation.** \$16,000,000 is appropriated from the bond proceeds
2.25 fund to the commissioner of commerce to provide loans to school districts for energy
2.26 conservation improvements under Minnesota Statutes, section 216C.372.

2.27 Subd. 2. **Bond sale.** To provide the money appropriated in this section from the bond
2.28 proceeds fund, the commissioner of management and budget shall sell and issue bonds of
2.29 the state in an amount up to \$16,000,000 in the manner, upon the terms, and with the effect
2.30 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota
2.31 Constitution, article XI, sections 4 to 7.

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