

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 1779

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DATE
02/27/2019

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Introduction and first reading
Referred to Energy and Utilities Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to energy; modifying the commercial PACE loan program; amending
1.3 Minnesota Statutes 2018, section 216C.436, subdivisions 1, 4.

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

1.5 Section 1. Minnesota Statutes 2018, section 216C.436, subdivision 1, is amended to read:

1.6 Subdivision 1. **Program purpose and authority.** An implementing entity may establish
1.7 a commercial PACE loan program to finance cost-effective energy improvements, which
1.8 includes new construction, to enable owners of qualifying commercial real property to pay
1.9 for the cost-effective energy improvements, including new construction, to the qualifying
1.10 real property with the net proceeds and interest earnings of revenue bonds authorized in
1.11 this section. An implementing entity may limit the number of qualifying commercial real
1.12 properties for which a property owner may receive program financing.

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

1.14 Sec. 2. Minnesota Statutes 2018, section 216C.436, subdivision 4, is amended to read:

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

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

1.19 (2) a principal amount not to exceed the ~~lesser~~ greater of either: (i) 20 percent of the
1.20 appraised value, accepted or approved by the mortgage lender, or (ii) the assessed value of
1.21 the real property on which the cost-effective energy improvements ~~are to be installed~~ are

2.1 installed or providing an energy savings benefit or the actual cost of installing the energy
2.2 improvements, including the costs of necessary equipment, materials, and labor, the costs
2.3 of each related energy audit or renewable energy system feasibility study, and the cost of
2.4 verification of installation; and

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

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