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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3436

02/17/2020 Authored by Acomb and Moller
The bill was read for the first time and referred to the Energy and Climate Finance and Policy Division

1.1 A bill for an act
1.2 relating to energy; establishing a revolving loan fund for energy conservation in
1.3 schools; establishing a residential energy conservation grant program; providing
1.4 energy efficiency grants to commercial buildings; establishing an energy efficiency
1.5 grant program for nursing homes; establishing a grant program to provide financial
1.6 assistance to cities to address climate change; establishing a grant program for
1.7 pilot projects to encourage and increase composting in multifamily buildings;
1.8 establishing a grant program to assist school districts to purchase and install solar
1.9 energy systems; establishing a rebate for the installation of solar energy devices
1.10 on residences; establishing a grant program for innovative distributed energy
1.11 projects; establishing a grant program assisting school districts to purchase electric
1.12 school buses; providing a grant program to encourage the purchase of electric
1.13 buses; establishing a program to provide rebates to purchasers of electric vehicles;
1.14 providing financial incentives to enrollees in the conservation reserve program;
1.15 acquiring land for wellhead protection and ash tree disposal; requiring a carbon
1.16 sequestration report; appropriating money; proposing coding for new law in
1.17 Minnesota Statutes, chapters 115A; 216C.

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

1.19 Section 1. [115A.5591] COMPOSTING; MULTIFAMILY BUILDINGS;
1.20 COMPETITIVE GRANT PROGRAM.

1.21 Subdivision 1. Definition. For the purposes of this section, "multifamily building" means
1.22 an apartment facility containing four or more dwelling units that are rented by a person or
1.23 family to use as a residence.

1.24 Subd. 2. Grant program established. The commissioner must establish a competitive
1.25 grant program to provide financial assistance to develop and implement pilot projects that
1.26 encourage composting by residents of multifamily buildings located in areas where compost
1.27 is not collected at curbside. Each grant must include an educational component regarding
1.28 the methods and benefits of composting.

2.1 Subd. 3. **Eligible applicants.** A grant may be awarded under this section to:

2.2 (1) a political subdivision;

2.3 (2) an owner of a multifamily building; or

2.4 (3) an organization that is exempt from taxation under section 501(c)(3) of the Internal
2.5 Revenue Code.

2.6 Subd. 4. **Application.** The commissioner must develop forms and procedures to solicit
2.7 and review applications for grants under this section.

2.8 Subd. 5. **Eligible expenditures.** Appropriations made to support the activities under
2.9 this section must be used only to:

2.10 (1) provide grants under this section; and

2.11 (2) reimburse the Pollution Control Agency for reasonable expenses to administer the
2.12 grant program.

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

2.14 Sec. 2. **[216C.372] SCHOOL ENERGY CONSERVATION REVOLVING LOAN**
2.15 **FUND.**

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

2.18 (b) "Energy conservation" means a net reduction in energy use.

2.19 (c) "Energy conservation improvement" means a measure or program (1) that targets
2.20 consumer behavior, equipment, processes, or devices, and (2) whose implementation is
2.21 designed to result in a net reduction in energy use.

2.22 (d) "Project" means the energy conservation improvements financed by a loan made
2.23 under this section.

2.24 (e) "School district" means an independent or special school district.

2.25 Subd. 2. **Establishment.** A school energy conservation revolving loan fund is established
2.26 in the Department of Commerce to make zero-interest loans to school districts to implement
2.27 energy conservation improvements in school district buildings. The fund must be credited
2.28 with (1) investment income, and (2) with principal and interest repayments. Money in the
2.29 fund is annually appropriated to the commissioner and does not lapse.

3.1 Subd. 3. **Fund management.** The commissioner must manage and administer the school
 3.2 energy conservation revolving loan fund.

3.3 Subd. 4. **Applications.** Applicants for loans must submit an application to the
 3.4 commissioner on a form prescribed by the commissioner. An applicant must supply the
 3.5 following information:

3.6 (1) the total estimated project cost and the loan amount sought;

3.7 (2) a description of existing equipment, structural elements, operating characteristics,
 3.8 and other conditions affecting energy use that the energy conservation improvements financed
 3.9 by the loan modify or replace;

3.10 (3) a description of the proposed project;

3.11 (4) a detailed project budget;

3.12 (5) calculations sufficient to demonstrate the expected energy and monetary savings that
 3.13 result from implementation of the project;

3.14 (6) information demonstrating the school district's ability to repay the loan; and

3.15 (7) any additional information requested by the commissioner.

3.16 Subd. 5. **Loan conditions.** (a) Loans must be made at zero interest rates for terms not
 3.17 to exceed 15 years.

3.18 (b) Payments of loan principal must begin no later than one year after the project is
 3.19 completed.

3.20 Subd. 6. **Exception.** Section 126C.10, subdivision 14, clause (11), does not apply to
 3.21 loans made under this section.

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

3.23 Sec. 3. **[216C.375] SOLAR FOR SCHOOLS PROGRAM.**

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

3.26 (b) "Developer" means an entity that installs a solar energy system on a school building
 3.27 that has been awarded a grant under this section.

3.28 (c) "Energy storage system" means a commercially available technology capable of:

3.29 (1) absorbing and storing electrical energy; and

3.30 (2) dispatching stored electrical energy at a later time.

4.1 (d) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

4.2 (e) "School" means a school that operates as part of an independent or special school
4.3 district.

4.4 (f) "School district" means an independent or special school district.

4.5 (g) "Solar energy system" means photovoltaic or solar thermal devices installed alone
4.6 or in combination with an energy storage system.

4.7 (h) "Solar thermal device" means a flat plate or evacuated tube that (1) meets the
4.8 requirements of section 216C.25, and (2) has a fixed orientation that collects the sun's radiant
4.9 energy and transfers it to a storage medium for distribution as energy to heat or cool air or
4.10 water.

4.11 Subd. 2. **Establishment; purpose.** A solar for schools program is established in the
4.12 Department of Commerce. The purpose of the program is to provide grants to (1) stimulate
4.13 the installation of solar energy systems on or adjacent to school buildings by reducing costs,
4.14 and (2) enable schools to use the solar energy system as a teaching tool that can be integrated
4.15 into the school's curriculum.

4.16 Subd. 3. **Expenditures.** Money in the account may be used only:

4.17 (1) for grant awards made under this section; and

4.18 (2) to pay the reasonable costs incurred by the department to administer this section.

4.19 Subd. 4. **Eligible system.** (a) A grant may be awarded to a school under this section
4.20 only if the solar energy system that is the subject of the grant:

4.21 (1) is installed on or adjacent to the school building that consumes the electricity generated
4.22 by the solar energy system, on property within the service territory of the utility currently
4.23 providing electric service to the school building; and

4.24 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the
4.25 estimated annual electricity consumption of the school building at which the solar energy
4.26 system is proposed to be installed.

4.27 (b) A school district that receives a rebate or other financial incentive under section
4.28 216B.241 for a solar energy system and that demonstrates considerable need for financial
4.29 assistance, as determined by the commissioner, is eligible for a grant under this section for
4.30 the same solar energy system.

5.1 Subd. 5. Application process. (a) The commissioner must issue a request for proposals
5.2 to utilities, schools, and developers who may wish to apply for a grant under this section
5.3 on behalf of a school.

5.4 (b) A utility or developer must submit an application to the commissioner on behalf of
5.5 a school on a form prescribed by the commissioner. The form must include, at a minimum,
5.6 the following information:

5.7 (1) the proposed solar energy system's capacity and the anticipated amount of electricity
5.8 generated;

5.9 (2) the current energy demand of the school building on which the solar energy generating
5.10 system is to be installed, and information regarding any distributed energy resource, including
5.11 subscription to a community solar garden, that currently provides electricity to the school
5.12 building;

5.13 (3) the size of any energy storage system that is proposed to be installed as part of a
5.14 solar energy system;

5.15 (4) a description of any solar thermal devices proposed as part of the solar energy system;

5.16 (5) the total cost to purchase and install the solar energy system and the system's life-cycle
5.17 cost, including removal and disposal at the end of the system's life;

5.18 (6) a copy of the proposed contract agreement between the school and the public utility
5.19 or developer that includes provisions addressing the responsibility to maintain the solar
5.20 energy system;

5.21 (7) the school's plan to make the solar energy system serve as a visible learning tool for
5.22 students, teachers, and visitors to the school, including how the solar energy system may
5.23 be integrated into the school's curriculum;

5.24 (8) information that demonstrates the school district's level of need for financial assistance
5.25 available under this section;

5.26 (9) information that demonstrates the school's readiness to implement the project,
5.27 including but not limited to the availability of the site on which the solar energy system is
5.28 to be installed and the level of the school's engagement with the utility providing electric
5.29 service to the school building on which the solar energy system is to be installed regarding
5.30 issues relevant to project implementation, including metering and other issues;

5.31 (10) with respect to the installation and operation of the solar energy system, the
5.32 willingness and ability of the developer or the public utility to:

6.1 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,
6.2 subdivision 6; and

6.3 (ii) adhere to the provisions of section 177.43;

6.4 (11) how the developer or public utility plans to reduce the school's initial capital expense
6.5 to purchase and install the solar energy system, and to provide financial benefits to the
6.6 school from federal and state tax credits, utility incentives, and other financial incentives;
6.7 and

6.8 (12) any other information deemed relevant by the commissioner.

6.9 (c) The commissioner must administer an open application process under this section
6.10 at least twice annually.

6.11 (d) The commissioner must develop administrative procedures governing the application
6.12 and grant award process.

6.13 Subd. 6. **Energy conservation review.** At the commissioner's request, a school awarded
6.14 a grant under this section must provide the commissioner information regarding energy
6.15 conservation measures implemented at the school building at which the solar energy system
6.16 is to be installed. The commissioner may make recommendations to the school regarding
6.17 cost-effective conservation measures the school can implement and may provide technical
6.18 assistance and direct the school to available financial assistance programs.

6.19 Subd. 7. **Technical assistance.** The commissioner must provide technical assistance to
6.20 schools to develop and execute projects under this section.

6.21 Subd. 8. **Grant payments.** The commissioner must award a grant to a school for the
6.22 necessary costs associated with the solar energy system purchase and installation. The
6.23 amount of the grant must be based on the commissioner's assessment of the school's need
6.24 for financial assistance.

6.25 Subd. 9. **Limitations.** (a) No more than 50 percent of the grant payments awarded to
6.26 schools under this section may be awarded to schools where the proportion of students
6.27 eligible for free or reduced-price lunch under the National School Lunch Program is less
6.28 than 50 percent.

6.29 (b) No more than ten percent of the total amount of grants awarded under this section
6.30 may be awarded to schools that are part of the same school district.

6.31 Subd. 10. **Application deadline.** No application may be submitted under this section
6.32 after December 31, 2024.

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

7.2 Sec. 4. **[216C.401] ELECTRIC VEHICLE REBATES.**

7.3 Subdivision 1. **Definition.** (a) For the purposes of this section, the following terms have
7.4 the meanings given them.

7.5 (b) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a,
7.6 paragraphs (a) and (b), clause (3).

7.7 (c) "New eligible electric vehicle" means an eligible electric vehicle that has not been
7.8 registered in any state.

7.9 (d) "Used eligible electric vehicle" means an eligible electric vehicle that has previously
7.10 been registered in a state.

7.11 Subd. 2. **Eligibility.** The purchaser of an electric vehicle is eligible for a rebate, subject
7.12 to the amounts and limits in subdivisions 3 and 4, if:

7.13 (1) the electric vehicle:

7.14 (i) has not been modified from the original manufacturer's specifications; and

7.15 (ii) is purchased after the effective date of this act for use by the purchaser and not for
7.16 resale;

7.17 (2) the purchaser:

7.18 (i) is a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a),
7.19 when the electric vehicle is purchased;

7.20 (ii) is a business that has a valid address in Minnesota from which business is conducted;

7.21 (iii) is a nonprofit corporation incorporated under chapter 317A; or

7.22 (iv) is a political subdivision of the state; and

7.23 (3) the purchaser:

7.24 (i) has not received a rebate or tax credit for the purchase of an electric vehicle from
7.25 Minnesota; and

7.26 (ii) registers the electric vehicle in Minnesota.

7.27 Subd. 3. **Rebate amounts.** (a) A \$2,500 rebate may be issued under this section to an
7.28 eligible purchaser to purchase a new eligible electric vehicle.

8.1 (b) A \$500 rebate may be issued under this section to an eligible purchaser to purchase
8.2 a used eligible electric vehicle.

8.3 Subd. 4. **Eligible expenses.** Appropriations made to support the activities of this section
8.4 must be expended only to pay:

8.5 (1) rebates to eligible purchasers of eligible electric vehicles; and

8.6 (2) the department's reasonable costs to administer this section.

8.7 Subd. 5. **Limits.** (a) The number of rebates allowed under this section are limited to:

8.8 (1) no more than one rebate per resident per household; and

8.9 (2) no more than one rebate per business entity per year.

8.10 (b) A rebate must not be issued under this section for an electric vehicle with a
8.11 manufacturer's suggested retail price that exceeds \$60,000.

8.12 Subd. 6. **Program administration.** (a) Rebate applications under this section must be
8.13 filed with the commissioner on a form prescribed by the commissioner.

8.14 (b) The commissioner must develop administrative procedures governing the application
8.15 and rebate award process. Applications must be reviewed and rebates awarded by the
8.16 commissioner on a first-come, first-served basis.

8.17 (c) The commissioner may reduce the rebate amounts provided under subdivision 3 or
8.18 restrict program eligibility based on fund availability or other factors.

8.19 Subd. 7. **Expiration.** This section expires June 30, 2025.

8.20 Sec. 5. **[216C.418] RESIDENTIAL SOLAR REBATES.**

8.21 Subdivision 1. **Definition.** For the purpose of this section, "photovoltaic device" has the
8.22 meaning given in section 216C.06, subdivision 6.

8.23 Subd. 2. **Rebate program established.** The commissioner must establish a rebate
8.24 program to provide financial assistance to owners of single-family residences to purchase
8.25 and install photovoltaic devices on or adjacent to the residence.

8.26 Subd. 3. **Application.** Application for a rebate under this section must be made to the
8.27 commissioner on a form prescribed by the commissioner. The commissioner must develop
8.28 procedures and processes to (1) solicit and review applications, and (2) award rebates under
8.29 this section.

9.1 Subd. 4. **Eligibility.** (a) A rebate must not be awarded under this section for a photovoltaic
 9.2 device capable of generating more than 120 percent of the average annual amount of
 9.3 electricity consumed by the residence over the past three years.

9.4 (b) A rebate may be awarded under this section for a photovoltaic system that receives
 9.5 financial assistance from the federal government or a Minnesota utility.

9.6 Subd. 5. **Limitation.** A rebate awarded under this section must not exceed the percentage
 9.7 of the total cost to purchase and install the photovoltaic device, as follows:

9.8 (1) a rebate awarded in 2020: 4 percent;

9.9 (2) a rebate awarded in 2021: 8 percent; and

9.10 (3) a rebate awarded after 2021: 20 percent.

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

9.12 Sec. 6. **RESIDENTIAL ENERGY EFFICIENCY GRANTS.**

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

9.15 (b) "Commissioner" means the commissioner of commerce.

9.16 (c) "Department" means the Department of Commerce.

9.17 (d) "Energy conservation improvement" means a project that results in a net reduction
 9.18 in energy use.

9.19 (e) "Principal residence" means property classified as class 1a or 1b under Minnesota
 9.20 Statutes, section 273.13, subdivision 22, and the house portion of property classified as
 9.21 class 2a under Minnesota Statutes, section 273.13, subdivision 23.

9.22 Subd. 2. **Establishment.** The commissioner must establish a residential energy efficiency
 9.23 grant program in the Department of Commerce to provide grants to homeowners to make
 9.24 energy conservation improvements that reduce a home's energy consumption.

9.25 Subd. 3. **Application.** Application for a grant under this program must be made to the
 9.26 commissioner on a form prescribed by the commissioner. The commissioner must develop
 9.27 procedures to (1) solicit and review applications, and (2) award grants under this section.

9.28 Subd. 4. **Eligible applicants.** An applicant for a grant under this section:

10.1 (1) must be a Minnesota resident who owns a home that is the owner's principal residence,
 10.2 and in which all energy conservation improvements supported by the grant are to be installed;
 10.3 and

10.4 (2) may also receive financial assistance from a utility or other source for the same
 10.5 energy conservation improvement for which a grant under this section is sought.

10.6 Subd. 5. **Eligible expenditures.** Appropriations made to support the activities of this
 10.7 section must be used only to:

10.8 (1) provide grants as specified in this section; and

10.9 (2) reimburse the department's reasonable expenses to administer this section.

10.10 Subd. 6. **Grant amount.** A grant awarded under this section must not exceed the lesser
 10.11 of \$2,000 or 34 percent of the total cost of the energy conservation improvements made in
 10.12 the home.

10.13 Subd. 7. **Grant awards.** When making grant awards under this section, the commissioner
 10.14 must give preference to applications from homeowners residing in an area designated by
 10.15 the Minnesota Pollution Control Agency as an area of concern for environmental justice.

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

10.17 Sec. 7. **ENERGY EFFICIENCY GRANTS; COMMERCIAL BUILDINGS.**

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

10.20 (b) "Commercial building" means a multifamily or commercial building that can benefit
 10.21 from the installation of cost-effective energy improvements, as determined by an energy
 10.22 audit.

10.23 (c) "Commissioner" means the commissioner of commerce.

10.24 (d) "Cost-effective energy improvement" means any renovation or retrofitting of a
 10.25 building to improve energy efficiency that is permanently affixed to the property, results
 10.26 in a net reduction in energy consumption, and has been identified in an energy audit as
 10.27 repaying the energy improvement's purchase and installation costs in 20 years or less, based
 10.28 on the amount of future energy saved and estimated future energy prices.

10.29 (e) "Energy audit" has the meaning given in section 216C.435, subdivision 4.

10.30 (f) "Multifamily building" means an apartment facility containing four or more dwelling
 10.31 units that are rented by a person or family to use as a residence.

11.1 Subd. 2. **Establishment.** The commissioner must establish a commercial building energy
 11.2 efficiency grant program in the Department of Commerce to provide financial assistance
 11.3 to owners of commercial buildings in which cost-effective energy improvements are installed.

11.4 Subd. 3. **Application.** Application for a grant under this program must be made to the
 11.5 commissioner on a form prescribed by the commissioner. The commissioner must develop
 11.6 procedures to (1) solicit and review applications, and (2) award grants under this section.

11.7 Subd. 4. **Grant awards.** When awarding grants under this section, the commissioner
 11.8 must give preference to applications for cost-effective energy efficiency improvements in
 11.9 multifamily buildings.

11.10 Subd. 5. **Eligible expenditures.** Appropriations made to support the activities of this
 11.11 section must be used only to:

11.12 (1) provide grants under this section; and

11.13 (2) reimburse the department's reasonable expenses to administer the grant program.

11.14 Subd. 6. **Awarding grants.** When awarding grants under this section, the commissioner
 11.15 must give preference to applications by commercial building owners who are women,
 11.16 veterans, racial minorities, and immigrants.

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

11.18 **Sec. 8. ENERGY EFFICIENCY GRANTS; NURSING HOMES.**

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

11.21 (b) "Commissioner" means the commissioner of commerce.

11.22 (c) "Cost-effective energy improvement" means any renovation or retrofitting of a
 11.23 building to improve energy efficiency that is permanently affixed to the property, results
 11.24 in a net reduction in energy consumption, and has been identified in an energy audit as
 11.25 repaying the purchase and installation costs of the energy improvement in 20 years or less,
 11.26 based on the amount of future energy saved and estimated future energy prices.

11.27 (d) "Energy audit" has the meaning given in section 216C.435, subdivision 4.

11.28 (e) "Nursing home" has the meaning given in section 144A.01, subdivision 5.

11.29 Subd. 2. **Establishment.** The commissioner must establish a nursing home energy
 11.30 efficiency grant program in the department to provide financial assistance to nursing homes
 11.31 that implement cost-effective energy improvements in nursing home buildings.

12.1 Subd. 3. **Application.** Application for a grant under this program must be made to the
 12.2 commissioner on a form prescribed by the commissioner. The commissioner must develop
 12.3 procedures to (1) solicit and review applications, and (2) award grants under this section.

12.4 Subd. 4. **Eligible expenditures.** Appropriations made to support the activities of this
 12.5 section must be used only to:

12.6 (1) provide grants under this section; and

12.7 (2) to reimburse the department's reasonable expenses to administer the grant program.

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

12.9 Sec. 9. **CITY CLIMATE ACTION GRANT PROGRAM.**

12.10 Subdivision 1. **Definitions.** (a) For the purpose of this section, the following terms have
 12.11 the meanings given them.

12.12 (b) "Climate change" means a change in global or regional climate patterns associated
 12.13 with increased levels of greenhouse gas emissions entering the atmosphere largely as a
 12.14 result of human activity.

12.15 (c) "Commissioner" means the commissioner of the Pollution Control Agency.

12.16 (d) "Greenhouse gas emissions" means the emission of carbon dioxide, methane, nitrous
 12.17 oxide, chlorofluorocarbons, hydrofluorocarbons, sulfur hexafluoride, and other gases that
 12.18 trap heat in the atmosphere.

12.19 Subd. 2. **Establishment.** The commissioner must establish a city climate action grant
 12.20 program in the Pollution Control Agency. The purpose of the program is to provide grants
 12.21 to encourage cities to address climate change by developing and implementing plans of
 12.22 action, or creating new organizations and institutions to devise policies and programs, that:

12.23 (1) seek to mitigate the impacts of climate change on the city; and

12.24 (2) reduce the city's contributions to the causes of climate change.

12.25 Subd. 3. **Application.** (a) Application for a grant under this section must be made to the
 12.26 commissioner on a form prescribed by the commissioner. The commissioner must develop
 12.27 procedures to (1) solicit and review applications, and (2) award grants under this section.

12.28 (b) Eligible applicants for a grant under this section must be located in or conduct the
 12.29 preponderance of the applicant's work in the city where the grant activities take place.

12.30 Eligible applicants include city governments, organizations that are exempt from taxation
 12.31 under section 501(c)(3) of the Internal Revenue Code, and educational institutions.

13.1 (c) An applicant must address how the activities undertaken under the grant affect areas
 13.2 of the city designated by the Pollution Control Agency as an area of concern for
 13.3 environmental justice, if applicable.

13.4 Subd. 4. **Awarding grants.** When awarding grants under this section, the commissioner
 13.5 must give preference to proposals that seek to involve a broad array of community residents,
 13.6 organizations, and institutions in the city's efforts to address climate change.

13.7 Subd. 5. **Grant amounts.** (a) A grant awarded under this section must not exceed
 13.8 \$50,000.

13.9 (b) A grant awarded under this section for activities taking place in a city whose
 13.10 population exceeds 20,000 must be matched 100 percent with local funds.

13.11 (c) A grant awarded under this section for activities taking place in a city whose
 13.12 population is less than 20,000 must be matched with a minimum of five percent local funds
 13.13 or an equivalent in in-kind services.

13.14 Subd. 6. **Eligible expenditures.** Appropriations made to support the activities of this
 13.15 section must be used only to:

13.16 (1) provide grants under this section; and

13.17 (2) reimburse the Pollution Control Agency's reasonable expenses to administer the
 13.18 grant program.

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

13.20 **Sec. 10. INNOVATIVE DISTRIBUTED ENERGY PROJECT GRANT PROGRAM.**

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

13.23 (b) "Commissioner" means the commissioner of commerce.

13.24 (c) "Energy storage" means a technology that absorbs and stores electrical energy and
 13.25 is capable of dispatching that stored energy at a later time.

13.26 (d) "Innovative distributed energy project" means a project:

13.27 (1) with a nameplate capacity of ten kilowatts or less;

13.28 (2) that contains at least two of the following components:

13.29 (i) photovoltaic devices, as defined in section 216C.06, subdivision 16;

13.30 (ii) a wind energy conversion system, as defined in section 216C.06, subdivision 19; or

14.1 (iii) an energy storage system; and

14.2 (3) that interconnects directly with the electric distribution system of a cooperative
 14.3 electric association or municipal utility, bypassing the high-voltage transmission network.

14.4 Subd. 2. **Establishment.** The commissioner must establish an innovative distributed
 14.5 energy project grant program in the Department of Commerce to provide financial assistance
 14.6 to cooperative electric associations and municipal utilities that interconnect such projects
 14.7 to the cooperative electric association or municipal utility's distribution system.

14.8 Subd. 3. **Application.** An application for a grant under this section must be made to the
 14.9 commissioner on a form prescribed by the commissioner. The commissioner must develop
 14.10 procedures to (1) solicit and review applications, and (2) award grants under this section.

14.11 Subd. 4. **Eligible expenditures.** Appropriations made to support the activities of this
 14.12 section must be used only to:

14.13 (1) provide grants under this section; and

14.14 (2) reimburse the department's reasonable expenses to administer the grant program.

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

14.16 **Sec. 11. ELECTRIC SCHOOL BUS GRANT PROGRAM.**

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

14.19 (b) "Commissioner" means the commissioner of education.

14.20 (c) "Electric school bus" means a school bus powered solely by an electric motor drawing
 14.21 current from rechargeable storage batteries, fuel cells, or other portable sources of electric
 14.22 current.

14.23 (d) "Electric vehicle charging station" means infrastructure that recharges an electric
 14.24 vehicle's batteries by connecting the electric vehicle to:

14.25 (1) a level 2 charger that provides a 240-volt alternating current power source; or

14.26 (2) a DC fast charger that has an electric output of 20 kilowatts or greater.

14.27 (e) "Private school bus contractor" means a person who contracts with a school district
 14.28 to transport school district students to and from school and school activities on school buses
 14.29 owned and operated by the person.

15.1 (f) "School bus" has the meaning given in Minnesota Statutes, section 169.011,
 15.2 subdivision 71, but does not include a type III vehicle, as defined in Minnesota Statutes,
 15.3 section 169.011, subdivision 71, paragraph (h).

15.4 (g) "School district" means an independent or special school district.

15.5 Subd. 2. **Establishment.** The commissioner must establish a grant program to assist
 15.6 school districts to purchase electric school buses in order to enable school districts, electric
 15.7 utilities serving school districts, and, if applicable, private school bus contractors providing
 15.8 transportation services to school districts to gain experience operating electric school buses
 15.9 and to assess electric school bus performance.

15.10 Subd. 3. **Eligibility.** A school district that owns and operates school buses or contracts
 15.11 with a private school bus contractor is eligible to apply for a grant under this section.

15.12 Subd. 4. **Application process.** An eligible applicant must submit an application to the
 15.13 commissioner on a form prescribed by the commissioner. The commissioner must develop
 15.14 administrative procedures governing the application and grant award process. The
 15.15 commissioner may consult with the commissioner of commerce regarding development of
 15.16 the application form and application review.

15.17 Subd. 5. **Application content.** An application for a grant under this section must include:

15.18 (1) the name of the school district or districts where the applicant intends to operate the
 15.19 electric school buses;

15.20 (2) a description of the route, timing of operation, number of students to be transported,
 15.21 and other factors affecting the performance characteristics that an electric school bus must
 15.22 meet;

15.23 (3) evidence of the cost differential between the electric school bus the school district
 15.24 seeks to purchase under the grant and a comparable nonelectric school bus;

15.25 (4) certification from the electric utility serving the school district, and, if applicable,
 15.26 the private school bus contractor providing transportation services to the school district,
 15.27 that the electric utility and private school bus contractor fully support and are full partners
 15.28 in implementing the grant project, including a list of tasks the electric utility and private
 15.29 school bus contractor commit to conduct and any voluntary financial contributions to the
 15.30 project the electric utility and private school bus contractor commit to make;

15.31 (5) certification from the electric utility serving the school district that it commits to pay
 15.32 the costs to purchase and install in a convenient location an electric vehicle charging station
 15.33 to recharge the batteries of electric school buses;

16.1 (6) evidence that the electric school buses have access to an electric vehicle charging
 16.2 station at a convenient location;

16.3 (7) if the school district contracts with a private school bus contractor:

16.4 (i) a copy of a signed agreement between the school district and the private school bus
 16.5 contractor that protects the state's interest in the electric school bus purchased with the grant
 16.6 if (A) the contract between the private school bus contractor and the school district is
 16.7 terminated, or (B) another contingency occurs; and

16.8 (ii) written certification that any revenues paid to the private school bus contractor by
 16.9 the utility providing retail electric service to the private school bus contractor that result
 16.10 from the purchase of or access to the electricity stored in the batteries of the electric school
 16.11 bus purchased with a grant under this section must be forwarded to the school district; and

16.12 (8) any additional information required by the commissioner of education.

16.13 Subd. 6. **Eligible expenditures.** Grant funds awarded under this section may be expended
 16.14 to:

16.15 (1) pay the difference in cost between an electric school bus and a comparable nonelectric
 16.16 school bus;

16.17 (2) purchase and install an electric vehicle charging system the electric school bus can
 16.18 use if the electric utility declines to pay those costs; and

16.19 (3) pay repair and maintenance costs for the electric school buses.

16.20 Subd. 7. **Grant award; preference.** (a) When awarding grants, the commissioner must
 16.21 give preference to applications in which the electric utility providing electric service to the
 16.22 bus owner has made a commitment to pay the cost of one or more electric vehicle charging
 16.23 stations intended for use by an electric bus that receives a grant award under this section.

16.24 (b) When awarding grants, the commissioner must endeavor to ensure that school districts
 16.25 whose proportion of students eligible for free or reduced-price lunches is at or above the
 16.26 50 and 75 percent level, as calculated under section 126C.05, subdivision 16, are fairly
 16.27 served.

16.28 Subd. 8. **Limitation.** The commissioner must not award more than ... grants under this
 16.29 section to a single school district.

16.30 Subd. 9. **Reports.** On or before the first anniversary of the date an electric school bus
 16.31 funded by a grant under this section is initially operated, and on or before the same date in
 16.32 each of the following two years, the school district awarded the grant, in collaboration with

17.1 the electric utility serving the school district, and, if applicable, the private school bus
 17.2 contractor providing transportation services to the school district, must submit a report
 17.3 describing the electric school bus performance to the chairs and ranking minority members
 17.4 of the senate and house of representatives committees with primary jurisdiction over energy
 17.5 policy, transportation policy, and education policy, and to the commissioner of education.
 17.6 At a minimum, the report must contain the following information regarding the performance
 17.7 of the electric school bus:

17.8 (1) the number of miles traveled per day and per year;

17.9 (2) the cost to recharge the electric school bus, and any steps taken to minimize the costs
 17.10 by charging at off-peak times;

17.11 (3) operating costs per mile;

17.12 (4) miles driven per kWh;

17.13 (5) the number of days the electric school bus was out of service for repairs;

17.14 (6) discussion of the qualitative aspects of performance, including the impact of extreme
 17.15 cold on bus performance; and

17.16 (7) any other information deemed relevant by the school district.

17.17 **Sec. 12. ELECTRIC BUS GRANT PROGRAM.**

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

17.20 (b) "Commissioner" means the commissioner of transportation.

17.21 (c) "Electric bus" means a motor vehicle:

17.22 (1) used to transport persons;

17.23 (2) designed to carry more than 15 passengers, including the driver; and

17.24 (3) that meets the definition of "electric motor vehicle" in section 169.011, subdivision
 17.25 26a, paragraph (a).

17.26 (d) "Electric vehicle charging station" means infrastructure that recharges an electric
 17.27 vehicle's batteries by connecting the electric vehicle to:

17.28 (1) a level 2 charger that provides a 240-volt alternating current power source; or

17.29 (2) a DC fast charger that has an electric output of 20 kilowatts or greater.

18.1 Subd. 2. **Establishment.** The commissioner must establish an electric bus grant program
18.2 in the Department of Transportation to provide financial assistance to encourage electric
18.3 bus purchases.

18.4 Subd. 3. **Eligible applicants.** A transit provider eligible to receive financial assistance
18.5 under section 174.24 or 473.388 is eligible to file an application for a grant under this
18.6 section.

18.7 Subd. 4. **Application.** An applicant seeking a grant under this section must submit an
18.8 application to the commissioner on a form prescribed by the commissioner. The
18.9 commissioner must develop procedures to (1) solicit and review applications, and (2) make
18.10 awards under this section.

18.11 Subd. 5. **Eligible expenditures.** Grant awards made under this section must be used
18.12 only to:

18.13 (1) assist the purchase of an electric bus by paying the difference between the cost of
18.14 an electric bus and a comparable nonelectric bus;

18.15 (2) purchase and install an electric vehicle charging system for an electric bus that is the
18.16 subject of a grant award made under this section; and

18.17 (3) pay the Department of Transportation's reasonable costs to administer this section.

18.18 Subd. 6. **Grant award; preference.** When awarding grants, the commissioner must
18.19 give preference to applications in which the electric utility providing electric service to the
18.20 location from which the proposed electric bus operates has made a commitment to pay the
18.21 cost of one or more electric vehicle charging stations intended for use by an electric bus
18.22 that receives a grant award under this section.

18.23 Subd. 7. **Limitation.** No more than ... grants under this section may be made to a single
18.24 applicant.

18.25 Subd. 8. **Bus deployment.** (a) A transit provider must deploy an electric bus purchased
18.26 with a grant made under this section in areas it serves that experience poor air quality, as
18.27 applicable.

18.28 (b) For the purposes of this section, "poor air quality" means:

18.29 (1) ambient air levels of total suspended particulates, particulate matter less than ten
18.30 microns wide (PM-10), particulate matter less than 2.5 microns wide (PM-2.5), sulfur
18.31 dioxide, or nitrogen dioxide, as revealed by air monitoring data, that approach or exceed
18.32 state or federal air quality standards or chronic health inhalation risk benchmarks; or

19.1 (2) levels of asthma among children that significantly exceed the statewide average.

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

19.3 **Sec. 13. COMMISSIONER OF COMMERCE; APPROPRIATION.**

19.4 \$131,500,000 in fiscal year 2021 is appropriated from the general fund to the
19.5 commissioner of commerce as a onetime appropriation to be allocated as follows:

19.6 (1) \$20,500,000 to establish and operate a revolving loan fund to provide loans to school
19.7 districts for energy conservation projects under Minnesota Statutes, section 216C.372;

19.8 (2) \$15,000,000 to award residential energy efficiency grants under section 6. This
19.9 appropriation is available until December 31, 2022;

19.10 (3) \$15,000,000 to supplement funds made available to the state by federal law to be
19.11 used for weatherizing the residences of low-income persons, as provided in Minnesota
19.12 Statutes, section 216C.264;

19.13 (4) \$15,000,000 to award commercial building energy efficiency grants under section
19.14 7. This appropriation is available until December 31, 2022;

19.15 (5) \$20,000,000 to award nursing home energy efficiency grants under section 8. This
19.16 appropriation is available until December 31, 2022;

19.17 (6) \$16,000,000 to award grants to assist school districts to purchase and install solar
19.18 energy systems under section 216C.375. This appropriation is available until December 31,
19.19 2025;

19.20 (7) \$10,000,000 to award rebates for the purchase and installation of residential solar
19.21 photovoltaic devices under Minnesota Statutes, section 216C.418. This appropriation is
19.22 available until December 31, 2024;

19.23 (8) \$5,000,000 to award innovative distributed energy project grants under section 10.
19.24 This appropriation is available until December 31, 2022; and

19.25 (9) \$15,000,000 to award rebates to eligible electric vehicle purchasers under Minnesota
19.26 Statutes, section 216C.401. This appropriation is available until December 31, 2023.

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

20.1 **Sec. 14. COMMISSIONER OF THE POLLUTION CONTROL AGENCY;**
20.2 **APPROPRIATION.**

20.3 \$10,000,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
20.4 of the Pollution Control Agency as a onetime appropriation to be allocated as follows:

20.5 (1) \$5,000,000 to award city climate action grants under section 9. This appropriation
20.6 is available until December 31, 2022; and

20.7 (2) \$5,000,000 to award grants for pilot projects that encourage composting by residents
20.8 of multifamily buildings under Minnesota Statutes, section 115A.5591. This appropriation
20.9 is available until December 31, 2022.

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

20.11 **Sec. 15. COMMISSIONER OF EDUCATION; APPROPRIATION.**

20.12 \$20,000,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
20.13 of education to award grants to school districts for the purchase of electric school buses, as
20.14 described in section 11. This is a onetime appropriation and is available until December 31,
20.15 2023.

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

20.17 **Sec. 16. COMMISSIONER OF TRANSPORTATION; APPROPRIATION.**

20.18 \$20,000,000 in fiscal year 2021 is appropriated from the general fund to the commissioner
20.19 of transportation to award grants to transit providers to assist in the purchase of electric
20.20 buses under section 12. This is a onetime appropriation and is available until December 30,
20.21 2023.

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

20.23 **Sec. 17. BOARD OF WATER AND SOIL RESOURCES; APPROPRIATION.**

20.24 \$9,000,000 in fiscal year 2021 is appropriated from the general fund to the Board of
20.25 Water and Soil Resources as a onetime appropriation to be allocated as follows:

20.26 (1) \$6,500,000 to provide onetime state incentive payments to enrollees in the federal
20.27 Conservation Reserve Program (CRP). The board may establish payment rates based on
20.28 land valuation and on environmental benefit criteria, including but not limited to surface or
20.29 ground water nutrient reduction, drinking water protection, soil health, carbon sequestration,
20.30 and pollinator and wildlife habitat enhancements. The board may use state funds to implement

21.1 the program and to provide technical assistance to landowners or their agents to fulfill
 21.2 enrollment and contract provisions. The board must consult with the commissioners of
 21.3 agriculture, health, natural resources, and the Pollution Control Agency and the United
 21.4 States Department of Agriculture in establishing program criteria. This appropriation is
 21.5 available until June 30, 2023; and

21.6 (2) \$2,500,000 to award grants to local units of government for fee title acquisition of
 21.7 land to permanently protect groundwater supply sources where the vulnerability of the
 21.8 drinking water supply is designated as high or very high by the commissioner of health.
 21.9 Priority must be given to lands identified as a suitable ash tree disposal site. Of this
 21.10 appropriation, \$..... is available to acquire woodchipping equipment and for infrastructure
 21.11 improvements and other equipment necessary to facilitate ash tree disposal at sites acquired
 21.12 under this section. This appropriation is available until June 30, 2023.

21.13 **Sec. 18. CARBON SEQUESTRATION REPORT; APPROPRIATION.**

21.14 \$1,000,000 in fiscal year 2021 is appropriated from the general fund to the Board of
 21.15 Regents of the University of Minnesota, in cooperation with state agencies, to investigate
 21.16 the potential for carbon sequestration on public and private lands and submit
 21.17 recommendations to the legislature. By January 15, 2022, the board must submit the results
 21.18 of the investigation and its recommendations to the chairs and ranking minority members
 21.19 of the house of representatives and senate committees and divisions with jurisdiction over
 21.20 energy and climate and environment and natural resources. This is a onetime appropriation
 21.21 and is available until June 30, 2022.