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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **4242**

02/26/2024 Authored by Kraft, Long, Pursell, Hornstein, Elkins and others

The bill was read for the first time and referred to the Committee on Labor and Industry Finance and Policy

03/25/2024 Adoption of Report: Amended and re-referred to the Committee on Climate and Energy Finance and Policy

1.1 A bill for an act
1.2 relating to the State Building Code; modifying residential energy code adoption
1.3 standards and timelines; creating the residential energy rating rebate program;
1.4 requiring reports; appropriating money; amending Minnesota Statutes 2023
1.5 Supplement, section 326B.106, subdivision 1.

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

1.7 Section 1. Minnesota Statutes 2023 Supplement, section 326B.106, subdivision 1, is
1.8 amended to read:

1.9 Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections
1.10 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the
1.11 Construction Codes Advisory Council establish a code of standards for the construction,
1.12 reconstruction, alteration, and repair of buildings, governing matters of structural materials,
1.13 design and construction, fire protection, health, sanitation, and safety, including design and
1.14 construction standards regarding heat loss control, illumination, and climate control. The
1.15 code must also include duties and responsibilities for code administration, including
1.16 procedures for administrative action, penalties, and suspension and revocation of certification.
1.17 The code must conform insofar as practicable to model building codes generally accepted
1.18 and in use throughout the United States, including a code for building conservation. In the
1.19 preparation of the code, consideration must be given to the existing statewide specialty
1.20 codes presently in use in the state. Model codes with necessary modifications and statewide
1.21 specialty codes may be adopted by reference. The code must be based on the application
1.22 of scientific principles, approved tests, and professional judgment. To the extent possible,
1.23 the code must be adopted in terms of desired results instead of the means of achieving those
1.24 results, avoiding wherever possible the incorporation of specifications of particular methods

2.1 or materials. To that end the code must encourage the use of new methods and new materials.
2.2 Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall
2.3 administer and enforce the provisions of those sections.

2.4 (b) The commissioner shall develop rules addressing the plan review fee assessed to
2.5 similar buildings without significant modifications including provisions for use of building
2.6 systems as specified in the industrial/modular program specified in section 326B.194.
2.7 Additional plan review fees associated with similar plans must be based on costs
2.8 commensurate with the direct and indirect costs of the service.

2.9 (c) Beginning with the 2018 edition of the model building codes and every six years
2.10 thereafter, the commissioner shall review the new model building codes and adopt the model
2.11 codes as amended for use in Minnesota, within two years of the published edition date. The
2.12 commissioner may adopt amendments to the building codes prior to the adoption of the
2.13 new building codes to advance construction methods, technology, or materials, or, where
2.14 necessary to protect the health, safety, and welfare of the public, or to improve the efficiency
2.15 or the use of a building.

2.16 (d) Notwithstanding paragraph (c), the commissioner shall act on each new model
2.17 residential energy code and the new model commercial energy code in accordance with
2.18 federal law for which the United States Department of Energy has issued an affirmative
2.19 determination in compliance with United States Code, title 42, section 6833. The
2.20 commissioner may adopt amendments prior to adoption of the new energy codes, as amended
2.21 for use in Minnesota, to advance construction methods, technology, or materials, or, where
2.22 necessary to protect the health, safety, and welfare of the public, or to improve the efficiency
2.23 or use of a building.

2.24 (e) Beginning in 2024, the commissioner shall act on the new model commercial energy
2.25 code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard.
2.26 The commercial energy code in effect in 2036 and thereafter must achieve an 80 percent
2.27 reduction in annual net energy consumption or greater, using the ASHRAE 90.1-2004 as a
2.28 baseline. The commissioner shall adopt commercial energy codes from 2024 to 2036 that
2.29 incrementally move toward achieving the 80 percent reduction in annual net energy
2.30 consumption. By January 15 of the year following each new code adoption, the commissioner
2.31 shall make a report on progress under this section to the legislative committees with
2.32 jurisdiction over the energy code.

2.33 (f) Nothing in this section shall be interpreted to limit the ability of a public utility to
2.34 offer code support programs, or to claim energy savings resulting from such programs,

3.1 through its energy conservation and optimization plans approved by the commissioner of
3.2 commerce under section 216B.241 or an energy conservation and optimization plan filed
3.3 by a consumer-owned utility under section 216B.2403.

3.4 (g) Beginning in 2026, the commissioner shall act on the new model residential energy
3.5 code by adopting each new published edition of the International Energy Conservation Code
3.6 or a more efficient standard. The residential energy code in effect in 2038 and thereafter
3.7 must achieve a 70 percent reduction in annual net energy consumption or greater, using the
3.8 2006 International Energy Conservation Code State Level Residential Codes Energy Use
3.9 Index for Minnesota, as published by the United States Department of Energy's Building
3.10 Energy Codes Program, as a baseline. The commissioner shall adopt residential energy
3.11 codes from 2026 to 2038 that incrementally move toward achieving the 70 percent reduction
3.12 in annual net energy consumption. Requirements must be adopted such that electricity-only
3.13 and mixed-fuel buildings attain the same site energy use intensity. By January 15 of the
3.14 year following each new code adoption, the commissioner shall make a report on progress
3.15 under this section to the legislative committees with jurisdiction over the energy code.

3.16 **Sec. 2. RESIDENTIAL ENERGY RATING REBATE PROGRAM.**

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

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

3.20 (c) "Program" or "the program" means the residential energy rating rebate program
3.21 established under this section.

3.22 (d) "Qualifying unit" means a residential living space occupied by an individual or a
3.23 household that has been certified by the United States Department of Energy's Zero Energy
3.24 Ready Home Program and that is located in a building with no more than 12 residential
3.25 dwelling units. Individual units may qualify independently, without regard to the certification
3.26 status of another unit in a building or another structure on a lot.

3.27 Subd. 2. **Establishment.** By September 1, 2024, the commissioner must establish a
3.28 residential energy rating rebate program to provide financial assistance to owners, builders,
3.29 and developers of qualifying units with the costs of certification under the United States
3.30 Department of Energy's Zero Energy Ready Home Program.

3.31 Subd. 3. **Application process.** (a) Applicants must apply for rebates using a form
3.32 developed by the commissioner that demonstrates, at a minimum:

4.1 (1) that the qualifying unit received a certification under the version of the United States
4.2 Department of Energy's Zero Energy Ready Home Program that was in effect at the time
4.3 the qualifying unit received its building permit; and

4.4 (2) proof of payment for energy rating services done by a verifier partner of the United
4.5 States Department of Energy Zero Energy Ready Home Program.

4.6 (b) Applicants must submit a copy of the final energy rating report completed by the
4.7 verifier partner.

4.8 (c) Applications must be considered on a rolling basis according to criteria developed
4.9 by the commissioner.

4.10 Subd. 4. **Rebate amounts.** The commissioner must award rebates to applicants in an
4.11 amount that equals the amount that the applicant paid for energy rating services certified
4.12 by third parties necessary for certification by the United States Department of Energy's Zero
4.13 Energy Ready Home Program, including the travel and lodging costs for site visits of energy
4.14 rating professionals, subject to the following limitations:

4.15 (1) the maximum award per qualifying unit of single-family housing is \$5,000;

4.16 (2) the maximum award per qualifying unit of all other types of housing is \$2,500;

4.17 (3) no applicant may receive more than \$15,000 in rebates for qualifying units in a single
4.18 building; and

4.19 (4) no qualifying unit may receive more than one rebate.

4.20 Subd. 5. **Outreach.** The commissioner must publicize the availability of rebates under
4.21 this section to, at a minimum:

4.22 (1) construction, energy, and architecture professionals;

4.23 (2) building officials; and

4.24 (3) affordable and nonprofit housing developers.

4.25 Subd. 6. **Reports.** By January 15 of each year, beginning in 2026, the commissioner
4.26 must submit a report to the chairs and ranking minority members of the legislative committees
4.27 with primary responsibility for climate and energy policy that summarizes program outcomes
4.28 for the prior year, including, at a minimum:

4.29 (1) the number of rebates awarded;

4.30 (2) the number of rebates awarded to single-family homes versus other types of housing;
4.31 and

5.1 (3) the mean and median amounts of the rebates awarded.

5.2 Subd. 7. **Expiration.** This section expires June 30, 2029.

5.3 Sec. 3. **RESIDENTIAL ENERGY RATING REBATE PROGRAM;**

5.4 **APPROPRIATION.**

5.5 \$600,000 in fiscal year 2025 is appropriated from the general fund to the commissioner
5.6 of commerce for the residential energy rating rebate program. Of this amount, up to \$100,000
5.7 may be used for administration of the program and outreach and technical assistance to
5.8 applicants. This appropriation is onetime and is available until June 30, 2029.