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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. **70**

01/11/2021 Authored by Freiberg, Reyer and Lippert
The bill was read for the first time and referred to the Committee on Climate and Energy Finance and Policy
02/08/2021 Adoption of Report: Amended and re-referred to the Committee on State Government Finance and Elections
03/04/2021 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 energy; establishing a revolving loan account for energy conservation
1.3 in state buildings; appropriating money; amending Minnesota Statutes 2020,
1.4 sections 16B.86; 16B.87.

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

1.6 Section 1. Minnesota Statutes 2020, section 16B.86, is amended to read:

1.7 **16B.86 PRODUCTIVITY STATE BUILDING ENERGY CONSERVATION**
1.8 **IMPROVEMENT REVOLVING LOAN ACCOUNT.**

1.9 Subdivision 1. **Definitions.** (a) For purposes of this section and section 16B.87, the
1.10 following terms have the meanings given them.

1.11 (b) "Energy conservation" has the meaning given in section 216B.241, subdivision 1,
1.12 paragraph (d).

1.13 (c) "Energy conservation improvement" has the meaning given in section 216B.241,
1.14 subdivision 1, paragraph (e).

1.15 (d) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,
1.16 paragraph (f).

1.17 (e) "Project" means the energy conservation improvements financed by a loan made
1.18 under this section.

1.19 (f) "State building" means an existing building owned by the state of Minnesota.

1.20 Subd. 2. **Account established.** The ~~productivity~~ state building energy conservation
1.21 improvement revolving loan account is established as a ~~special~~ separate account in the state

2.1 treasury. The commissioner shall manage the account and shall credit to the account
2.2 investment income, repayments of principal and interest, and any other earnings arising
2.3 from assets of the account. Money in the account is appropriated to the commissioner of
2.4 administration to make loans to ~~finance agency projects that will result in either reduced~~
2.5 ~~operating costs or increased revenues, or both, for a state agency~~ state agencies to implement
2.6 energy conservation and energy efficiency improvements in state buildings under section
2.7 16B.87.

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

2.9 Sec. 2. Minnesota Statutes 2020, section 16B.87, is amended to read:

2.10 **16B.87 AWARD AND REPAYMENT OF PRODUCTIVITY STATE BUILDING**
2.11 **ENERGY IMPROVEMENT CONSERVATION LOANS.**

2.12 Subdivision 1. **Committee.** The Productivity State Building Energy Conservation
2.13 Improvement Loan Committee consists of the commissioners of administration, management
2.14 and budget, and ~~revenue~~ commerce. The commissioner of administration serves as chair of
2.15 the committee. The members serve without compensation or reimbursement for expenses.

2.16 Subd. 2. **Award and terms of loans.** (a) An agency shall apply for a loan on a form
2.17 ~~provided~~ developed by the commissioner of administration; that requires an applicant to
2.18 submit the following information:

2.19 (1) a description of the proposed project, including existing equipment, structural
2.20 elements, operating characteristics, and other conditions affecting energy use that the energy
2.21 conservation improvements financed by the loan modify or replace;

2.22 (2) the total estimated project cost and the loan amount sought;

2.23 (3) a detailed project budget;

2.24 (4) projections of the proposed project's expected energy and monetary savings;

2.25 (5) information demonstrating the agency's ability to repay the loan;

2.26 (6) a description of the energy conservation programs offered by the utility providing
2.27 service to the state building from which the applicant will seek additional funding for the
2.28 project; and

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

2.30 (b) The committee shall review applications for loans and shall award a loan based upon
2.31 criteria adopted by the committee. ~~The committee shall determine the amount, interest, and~~

3.1 ~~other terms of the loan. The time for repayment of a loan may not exceed five years. A loan~~
3.2 made under this section must:

3.3 (1) be at or below the market rate of interest, including a zero interest loan; and

3.4 (2) have a term no longer than seven years.

3.5 (c) In making awards, the committee shall give preference to:

3.6 (1) applicants that have sought funding for the project through energy conservation
3.7 programs offered by the utility serving the state building that is the subject of the application;
3.8 and

3.9 (2) to the extent feasible, applications for state buildings located within the electric retail
3.10 service area of the utility that is subject to section 116C.779.

3.11 Subd. 3. **Repayment.** An agency receiving a loan under this section shall repay the loan
3.12 according to the terms of the loan agreement. The principal and interest must be paid to the
3.13 commissioner of administration, who shall deposit it in the ~~productivity~~ state building energy
3.14 conservation improvement revolving loan fund account. Payments of loan principal and
3.15 interest must begin no later than one year after the project is completed.

3.16 Sec. 3. **TRANSFER.**

3.17 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
3.18 \$15,000,000 in fiscal year 2022 is transferred from the renewable development account
3.19 established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner
3.20 of administration for deposit in the state building energy conservation improvement account
3.21 established in Minnesota Statutes, section 16B.86, for the purpose of providing loans to
3.22 state agencies for energy conservation projects under Minnesota Statutes, section 16B.87.

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