

1 Pollution Control Agency

2

3 Adopted Permanent Rules Relating to Used Oil Processing

4 Equipment Loan Program

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6 Rules as Adopted

7 9205.0600 DEFINITIONS.

8 Subpart 1. Scope. For the purposes of parts 9205.0600 to  
9 9205.0608, the following terms have the meanings given them in  
10 this part, unless the context requires otherwise.

11 Subp. 2. Agency. "Agency" means the Pollution Control  
12 Agency.

13 Subp. 3. Commissioner. "Commissioner" means the  
14 commissioner of the agency, or staff designated by the  
15 commissioner.

16 Subp. 4. Used oil processing equipment. "Used oil  
17 processing equipment" means machinery or devices that are  
18 designed, constructed, and used to separate, modify, convert,  
19 heat, prepare, re-refine, or otherwise process used oil so that  
20 materials, substances, or energy contained within the used oil  
21 may be recovered for subsequent use. Used oil processing  
22 equipment includes pollution control equipment needed to meet  
23 applicable pollution control standards.

24 9205.0601 SCOPE.

25 Parts 9205.0600 to 9205.0608 implement the used oil  
26 processing equipment loan program created and described in  
27 Minnesota Statutes, section 115A.9162, by establishing the  
28 substantive criteria and procedural conditions under which the  
29 agency may award loans for used oil processing equipment.

30 9205.0602 ELIGIBILITY CRITERIA.

31 Subpart 1. Eligible applicants. Individuals,  
32 partnerships, corporations, and associations engaged in or  
33 intending to become engaged in a business that processes used  
34 oil, are eligible for used oil processing equipment loans.

1       Subp. 2. **Eligible costs.** The cost of used oil processing  
2 equipment is eligible for funding under this program. The cost  
3 of pollution control equipment is eligible only when that  
4 equipment is part of used oil processing equipment funded under  
5 this program.

6       Subp. 3. **Ineligible costs.** The cost of equipment used to  
7 install used oil processing equipment, operating cost,  
8 preliminary and final design and engineering cost, overhead  
9 cost, and the cost of land or buildings is not eligible for  
10 funding.

11 9205.0603 APPLICATION PROCESS.

12       Subpart 1. **Availability of funds.** The agency shall not  
13 accept applications until the agency has determined the amount  
14 of funds available and the type of used oil processing equipment  
15 that will be funded and has published a notice requesting the  
16 submission of applications following the procedures in subpart 3.

17       Subp. 2. **Agency determination.** The agency shall determine  
18 the amount of funds to be expended and the type of used oil  
19 processing equipment that will be funded by considering the type  
20 of used oil processing equipment that will best assist the  
21 agency in improving the management of used oil in Minnesota and  
22 the amount of available funding. The agency shall develop a  
23 description of the type of used oil processing equipment that  
24 will be funded, including objectives for performance of that  
25 equipment.

26       Subp. 3. **Notice.** After the agency makes the determination  
27 required in subpart 2, the commissioner shall solicit  
28 applications by placing a notice in the State Register and by  
29 sending written notice to eligible applicants known to the  
30 commissioner. The notice shall state when applications must be  
31 submitted, the type of equipment that will be funded, and shall  
32 incorporate the description developed by the agency under  
33 subpart 2.

34 9205.0604 APPLICATION REQUIREMENTS.

35       Subpart 1. **Contents.** Applications for used oil processing

1 equipment loans must include the following information:

2 A. the name, address, and telephone number of the  
3 applicant and a contact person;

4 B. the total loan eligible used oil processing  
5 equipment cost;

6 C. the amount of the loan requested; and

7 D. the amount and source of funding that will be used  
8 to pay the part of the cost of the used oil processing equipment  
9 not covered by the agency loan and all other eligible and  
10 ineligible costs not covered by the agency loan.

11 Subp. 2. **Supporting documentation.** Applications for used  
12 oil processing equipment loans must include the documentation in  
13 items A to E.

14 A. Credit information sufficient to support a finding  
15 that the loan will be repaid. If available, credit information  
16 from private credit rating agencies should be submitted by the  
17 applicant and evaluated by the agency. For applicants that do  
18 not have a credit rating, personal credit information pertaining  
19 to individual owners or shareholders of closely held  
20 corporations shall be submitted by the applicant and evaluated  
21 by the agency. Personal credit information must include  
22 personal tax returns, personal credit reports from credit  
23 bureaus or other credit reporting agencies if available, and  
24 references from personal bankers.

25 B. A conceptual and technical feasibility report that  
26 includes at least the following:

27 (1) a detailed description of the proposed used  
28 oil processing equipment;

29 (2) location and description of the facility  
30 where the used oil processing equipment will be used;

31 (3) a description of the method of used oil  
32 processing equipment procurement;

33 (4) documentation substantiating that the used  
34 oil processing equipment to be procured has the capability and  
35 operating history to perform as proposed;

36 (5) an analysis of the quantity and source of

1 used oil that will be processed and an explanation of what will  
2 be done with the used oil once processed; and

3 (6) a description of what will be done with the  
4 ash, sludge, by-products, or other residue from used oil  
5 processing.

6 C. A financial plan that contains:

7 (1) the method of financing costs for used oil  
8 processing equipment, and all other costs to be incurred by the  
9 applicant in procuring, installing, and operating the equipment;

10 (2) estimated annual operating and maintenance  
11 costs; and

12 (3) projections of total costs and revenues for  
13 the applicant's business over the term of the loan.

14 D. A report on the status of permits required by  
15 permitting agencies.

16 E. An estimate of the time necessary for equipment  
17 installation and operation and when these events will take place.

18 Subp. 3. Additional information. The applicant shall  
19 supply additional information needed for the agency to approve  
20 applications, when requested by the commissioner.

21 9205.0605 REVIEW AND EVALUATION OF APPLICATIONS.

22 Subpart 1. Determination of eligibility and completeness.

23 Upon receipt of an application, the commissioner or a designee  
24 shall determine the eligibility of the applicant, the  
25 eligibility of the costs identified in the application, the  
26 eligibility of the equipment described in the application, and  
27 the completeness of the application. Applicants are encouraged  
28 to contact the commissioner to arrange for a preapplication  
29 review of the proposed equipment.

30 Subp. 2. Notice of determination of eligibility and  
31 completeness. The commissioner shall notify the applicant of  
32 the commissioner's determinations of eligibility and  
33 completeness. If the commissioner determines that the applicant  
34 or the equipment is ineligible, the commissioner shall reject  
35 the application, return it to the applicant, and notify the

1 applicant of the reasons for the rejection. If the commissioner  
2 determines that any part of the equipment costs is ineligible or  
3 that the application is incomplete, the commissioner shall  
4 notify the applicant of the ineligible portion of the costs or  
5 of the deficiency. The applicant has 30 days after receiving  
6 the notice to correct any inadequacies identified by the  
7 commissioner. If the inadequacies are not corrected within the  
8 time allowed, the application is rejected, and the applicant  
9 must submit a new application to be considered again.

10 Subp. 3. Agency approval. The agency shall approve  
11 applications and award loans for used oil processing equipment.  
12 The agency shall award loans to those applicants whose  
13 applications best demonstrate that the used oil processing  
14 equipment proposed to be purchased meets the description  
15 developed by the agency under part 9205.0603, subpart 2.

16 No application shall be approved for funding unless the  
17 agency determines that the applicant has the ability to repay  
18 the loan, including all interest.

19 9205.0606 AWARD OF LOANS.

20 Subpart 1. Loan limit. The maximum loan is 50 percent of  
21 the eligible cost of the used oil processing equipment or  
22 \$500,000, whichever is less.

23 Subp. 2. Interest rate. The interest rate of a loan from  
24 the used oil processing equipment loan program shall not be less  
25 than an annual percentage rate of three percent. Interest  
26 payments on the loan are due annually and begin to accrue from  
27 the date the loan is disbursed by the agency. The first payment  
28 toward the principal amount of the loan is due one year after  
29 the equipment becomes operational or two years after the date  
30 the loan agreement is executed by the agency, whichever is  
31 earlier. The agency shall consider the equipment operational at  
32 the point where the equipment meets all vendor guaranteed  
33 operating specifications.

34 9205.0607 LOAN AGREEMENT.

35 The agency shall disburse loan funds only after a loan

1 agreement containing the terms of this part has been executed by  
2 the agency and the recipient of a loan award. A loan agreement  
3 must:

4           A. incorporate by reference the final application  
5 submitted to the agency;

6           B. establish the term of the loan, which is  
7 determined by considering the expected life of the equipment  
8 funded;

9           C. establish a schedule for repayment of principal  
10 and interest;

11           D. provide that any costs incurred in the acquisition  
12 of equipment over the amount of the loan are the sole  
13 responsibility of the loan recipient;

14           E. provide that the agency will not accept any  
15 amendments or supplementary applications requesting that  
16 additional loan funds be awarded to the loan recipient;

17           F. require that the recipient provide periodic  
18 reports to the agency on the developmental and operational  
19 history of the equipment so that knowledge and experience gained  
20 may be made available to others; and

21           G. provide for procedures to be followed in the event  
22 of a default as provided in part 9205.0608 or for failure to  
23 make payments of principal and interest.

24 9205.0608 AMENDMENTS.

25           If the used oil processing equipment funded by a loan under  
26 this part is not installed or operated in accordance with the  
27 terms and conditions of the loan agreement, the agency shall  
28 determine the reason the equipment was not installed or operated  
29 as required. If the agency finds that the recipient could not  
30 install or operate the equipment as required due to forces  
31 beyond the control of the recipient but that an amendment to the  
32 agreement can be negotiated that will allow the purposes of the  
33 loan to be fulfilled, the agency shall amend the loan  
34 agreement. If an amendment cannot be negotiated that will allow  
35 the purposes of the loan to be fulfilled, the agency shall

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- 1 declare default and require the loan funds to be repaid
- 2 following the procedures established in the loan agreement.