

1 Waste-Management-Board 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. Beard Agency. "Beard Agency" means the
12 Minnesota-Waste-Management-Board Pollution Control Agency.

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

16 Subp. 4. Institutional arrangements. "Institutional
17 arrangements" means methods of financing, marketing,
18 procurement, securing the waste supply, or joint efforts by more
19 than one local government unit.

20 Subp. 5. Used oil processing equipment. "Used oil
21 processing equipment" means machinery or devices that are
22 designed, constructed, and used to separate, modify, convert,
23 heat, prepare, re-refine, or otherwise process used oil so that
24 materials, substances, or energy contained within the used oil
25 may be recovered for subsequent use. Used oil processing
26 equipment includes pollution control equipment needed to meet
27 applicable pollution control standards.

28 ~~Subp. 6. Used oil re-refining equipment. "Used oil~~
29 ~~re-refining equipment" means machinery or devices to distill,~~
30 ~~hydrotreat, or otherwise treat used oil with acid, caustic,~~
31 ~~clay, or other chemicals in order to produce clean, high-quality~~
32 ~~lubricating base oil.~~

33 9205.0601 SCOPE.

34 Parts 9205.0600 to 9205.0608 implement the used oil
35 processing equipment loan program created and described in

1 Minnesota Statutes, section 115A.9162, by establishing the
2 substantive criteria and procedural conditions under which the
3 board agency may award loans for used oil processing equipment.

4 9205.0602 ELIGIBILITY CRITERIA.

5 Subpart 1. **Eligible applicants.** Individuals,
6 partnerships, corporations, and associations engaged in or
7 intending to become engaged in a business that processes used
8 oil, are eligible for used oil processing equipment loans.

9 Subp. 2. **Eligible costs.** The cost of used oil processing
10 equipment is eligible for funding under this program. The cost
11 of pollution control equipment is eligible only when that
12 equipment is part of used oil processing equipment funded under
13 this program.

14 Subp. 3. **Ineligible costs.** The cost of equipment used to
15 install used oil processing equipment, operating cost,
16 preliminary and final design and engineering cost, overhead
17 cost, and the cost of land or buildings is not eligible for
18 funding.

19 9205.0603 APPLICATION PROCESS.

20 Subpart 1. Availability of funds. The agency shall not
21 accept applications until the agency has determined the amount
22 of funds available and the type of used oil processing equipment
23 that will be funded and has published a notice requesting the
24 submission of applications following the procedures in subpart 3.

25 Subp. 2. Agency determination. The agency shall determine
26 the amount of funds to be expended and the type of used oil
27 processing equipment that will be funded by considering the type
28 of used oil processing equipment that will best assist the
29 agency in improving the management of used oil in Minnesota and
30 the amount of available funding. The agency shall establish
31 standards for the type of used oil processing equipment to be
32 funded, including, but not limited to, standards for
33 environmental acceptability.

34 Subp. 3. Notice. After the agency makes the determination
35 required in subpart 2, the commissioner shall solicit

1 applications by placing a notice in the State Register and by
2 sending written notice to eligible applicants known to the
3 commissioner. The notice shall state when applications must be
4 submitted, the type of equipment that will be funded, the
5 standards established by the agency, and the amount of money
6 available.

7 9205.0604 APPLICATION REQUIREMENTS.

8 Subpart 1. **Contents.** Applications for used oil processing
9 equipment loans must include the following information:

10 A. the name, address, and telephone number of the
11 applicant and a contact person;

12 B. the total loan eligible used oil processing
13 equipment cost;

14 C. the amount of the loan requested; and

15 D. the amount and source of funding that will be used
16 to pay the part of the cost of the used oil processing equipment
17 not covered by the ~~board~~ agency loan and all other eligible and
18 ineligible costs not covered by the ~~board~~ agency loan.

19 Subp. 2. **Supporting documentation.** Applications for used
20 oil processing equipment loans must include the documentation in
21 items A to E.

22 A. Credit information sufficient to support a finding
23 that the loan will be repaid. If available, credit information
24 from private credit rating agencies should be submitted by the
25 applicant and evaluated by the ~~board~~ agency. For applicants
26 that do not have a credit rating, personal credit information
27 pertaining to individual owners or shareholders of closely held
28 corporations shall be submitted by the applicant and evaluated
29 by the ~~board~~ agency. Personal credit information must include
30 personal tax returns, personal credit reports from credit
31 bureaus or other credit reporting agencies if available, and
32 references from personal bankers.

33 B. A conceptual and technical feasibility report that
34 includes at least the following:

35 (1) a detailed description of the proposed used

1 oil processing equipment;

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

4 (3) a description of the method of used oil
5 processing equipment procurement;

6 (4) documentation substantiating that the used
7 oil processing equipment to be procured has the capability and
8 operating history to perform as proposed;

9 (5) an analysis of the quantity and source of
10 used oil that will be processed and an explanation of what will
11 be done with the used oil once processed; and

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

15 C. A financial plan that contains:

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

19 (2) estimated annual operating and maintenance
20 costs; and

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

23 D. A report on the status of permits required by
24 permitting agencies.

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

27 Subp. 3. Additional information. The applicant shall
28 supply additional information needed for the ~~board~~ agency to
29 approve applications, when requested by the ~~chair~~ commissioner.

30 ~~9205-0604-SPECIAL-APPLICATION-REQUIREMENTS-FOR-RE-REFINING~~
31 ~~EQUIPMENT-~~

32 ~~An-applicant-seeking-funding-for-re-refining-equipment~~
33 ~~shall-submit-the-following-information-in-addition-to-the~~
34 ~~information-required-under-part-9205-0603-~~

35 ~~A--a-conceptual-and-technical-feasibility-report-that~~

~~1 includes-a-description-of-the-institutional-arrangements
2 necessary-for-implementation-and-operation-of-the-re-refining
3 facility, and-final-equipment-design-and-engineering
4 specifications-including-site-plans, building-plans, and-floor
5 plans-detailing-the-equipment-layout,~~

~~6 B.--copies-of-contracts-for-the-sale-of-re-refined
7 blend-stock, or-other-marketable-products-of-the-used-oil
8 re-refining-operation-which-specify-quantities-sold, price-per
9 unit-sold, and-the-life-of-the-contract, and~~

~~10 C.--a-marketing-plan-for-the-re-refined-oil.~~

11 9205.0605 REVIEW AND EVALUATION OF APPLICATIONS.

12 Subpart 1. Determination of eligibility and completeness.

13 Upon receipt of an application, the ~~chair~~ commissioner or a
14 designee shall determine the eligibility of the applicant, the
15 eligibility of the costs identified in the application, the
16 eligibility of the equipment described in the application, and
17 the completeness of the application. Applicants are encouraged
18 to contact the ~~chair~~ commissioner to arrange for a
19 preapplication review of the proposed equipment.

20 Subp. 2. Notice of determination of eligibility and
21 completeness. Within ~~14~~ 21 days after receiving the
22 application, the ~~chair~~ commissioner shall notify the applicant
23 of the ~~chair's~~ commissioner's determinations of eligibility and
24 completeness. If the ~~chair~~ commissioner determines that the
25 applicant or the equipment is ineligible, the ~~chair~~ commissioner
26 shall reject the application, return it to the applicant, and
27 notify the applicant of the reasons for the rejection. If
28 the ~~chair~~ commissioner determines that any part of the equipment
29 costs are ineligible or that the application is incomplete,
30 the ~~chair~~ commissioner shall notify the applicant of the
31 ineligible portion of the costs or of the deficiency. The
32 applicant has 30 days after receiving the notice to correct any
33 inadequacies identified by the ~~chair~~ commissioner. If the
34 inadequacies are not corrected within the time allowed, the
35 application is rejected, and the applicant must submit a new

1 application to be considered again.

2 Subp. 3. Board Agency approval. The board agency shall
 3 approve applications and award loans for used oil processing
 4 equipment. ~~that will aid the state in fulfilling waste~~
 5 ~~management objectives with regard to used oil recycling.~~
 6 ~~Applications will be funded in the order they come before the~~
 7 ~~board for decision. If applications come before the board at~~
 8 ~~the same time, priority shall be given to types of recycling~~
 9 ~~equipment. No loan shall be approved unless the board finds~~
 10 ~~that the operating revenues will be sufficient to ensure full~~
 11 ~~repayment of the loan, including interest.~~ The agency shall
 12 approve those applications that best meet the standards
 13 established by the agency under part 9205.0603, subpart 2.
 14 Before approving an application, the agency must find that the
 15 application meets the following criteria:

16 A. the used oil processing equipment is capable of
 17 processing the used oil in the manner specified in the
 18 application; and

19 B. the used oil processing equipment will be a financially
 20 prudent investment for the applicant. No application shall be
 21 approved for funding unless the agency finds that the applicant
 22 will repay the loan, including all interest.

23 9205.0606 LOAN LIMITS.

24 ~~Subpart 1. Re-refining equipment. For used oil processing~~
 25 ~~equipment used for re-refining, the maximum loan is 90 percent~~
 26 ~~of the eligible cost or \$500,000, whichever is less.~~

27 ~~Subp. 2. Other used oil processing equipment.~~ For other
 28 used oil processing equipment, the maximum loan is 90 percent of
 29 the eligible cost or \$200,000, whichever is less.

30 Subp. 3 2. Interest rate. The interest rate of a loan
 31 from the used oil processing equipment loan program shall not be
 32 less than an annual percentage rate of three percent. Interest
 33 payments on the loan are due annually and begin to accrue from
 34 the date the loan is disbursed by the board agency. The first
 35 repayment of the principle amount of the loan is due one year

1 after the equipment becomes operational or two years after the
2 date the loan agreement is executed by the board agency,
3 whichever is earlier. The board agency shall consider the
4 equipment operational at the point where the equipment meets all
5 vendor guaranteed operating specifications.

6 9205.0607 LOAN AGREEMENT.

7 The board agency shall disburse loan funds only after a
8 loan agreement containing the terms of this part has been
9 executed by the board agency and the recipient of a loan award.

10 A loan agreement must:

11 A. incorporate by reference the final application
12 submitted to the board agency;

13 B. establish the term of the loan, which is
14 determined by considering the expected life of the equipment
15 funded;

16 C. establish a schedule for repayment of principal
17 and interest, and procedures to be followed in the case of
18 default in repayment;

19 D. provide that any costs incurred in the acquisition
20 of equipment over and above the total loan eligible costs
21 estimated under part 9205.0603, subpart 1, item B, are the sole
22 responsibility of the loan recipient;

23 E. provide that the board agency will not accept any
24 amendments or supplementary applications requesting that
25 additional loan funds be awarded to the loan recipient; and

26 F. require that the recipient provide periodic
27 reports to the board agency on the developmental and operational
28 history of the equipment so that knowledge and experience gained
29 may be made available to others.

30 9205.0608 DEFAULT.

31 If the used oil processing equipment funded by a loan under
32 this part is not operated in accordance with the terms and
33 conditions of the loan agreement, including time schedules, the
34 board agency shall declare default and require that the entire
35 outstanding balance of the loan be repaid. Before finding a

1 default, the board agency shall make a determination as to the
2 reason the equipment was not installed or operated as required.
3 If the board agency finds that the recipient could not install
4 or operate the equipment as required due to forces beyond the
5 control of the recipient, the board agency shall consider a
6 ~~variance~~ an amendment that will allow the original objectives of
7 the loan to be accomplished.