

HOUSE RESEARCH

Bill Summary

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Overview

House File 3109 authorizes statutory and home rule charter cities, counties, and towns to issue revenue bonds and use the process to finance investments in energy conservation or renewable energy made by interested property owners.

Section

1 [216C.435] Definitions.

Subd. 3. Local government. “Local government” means a statutory or home rule city, county, or town.

Subd. 5. Energy improvement. “Energy improvement” means a renovation that is permanently affixed to the property and provides a net reduction in energy consumption; installation of new or upgraded electrical circuits for charging an electric vehicle; or a renewable energy system generating electrical or thermal energy.

2 [216C.436] Voluntary energy improvements financing program for local governments.

Subd. 1. Program authority. Authorizes a local government to establish a program allowing a property owner to finance energy improvements via revenue bonds.

Subd. 2. Program requirements. Specifies requirements of a financing program, including:

- energy audits or feasibility studies conducted prior to financing approvals;
- inspection of installation and verification of performance;
- work done by licensed contractors;

- demonstrated ability to repay; and
- liability to repay runs with the property.

Subd. 3. Financing terms. Provides that the program financing:

- terms not exceed the weighted average of the energy improvements, up to 20 years;
- principal not exceed ten percent of the property value or the cost of the improvements; and
- interest rate be sufficient to pay the costs of the program.

Subd. 4. Coordination with other programs. Requires coordination with the local utility's conservation improvement program (CIP).

Subd. 5. Certificate of participation. Requires a local government to present a certificate to the borrower upon completion of the project.

Subd. 6. Repayment. Requires a local government to secure a lien against the property and collect repayments as a special assessment on property taxes.

Subd. 7. Bond issuance; repayment. Authorizes a local government to issue revenue bonds that are payable solely from the special assessments placed on the property. Provides that bonds issued are not a debt or obligation of the local government that issued them.

- 3 [429.101, subd. 1] Ordinances.** Provides authority to a local government to provide for the repayment of program financing as a special assessment against the property.