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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH SESSION

HOUSE FILE No. 3499

March 8, 2010

Authored by Johnson and Davnie

The bill was read for the first time and referred to the Committee on State and Local Government Operations Reform, Technology and Elections

March 9, 2010

By motion, recalled and re-referred to the Energy Finance and Policy Division

March 15, 2010

Committee Recommendation and Adoption of Report:

To Pass

Read Second Time

A bill for an act

relating to metropolitan government; authorizing the cities of Minneapolis and St. Paul to expand certain residential energy conservation programs to include commercial and industrial property; amending Laws 1981, chapter 222, sections 1; 2; 3; 4, subdivision 2; repealing Laws 1981, chapter 222, section 7.

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

Section 1. Laws 1981, chapter 222, section 1, is amended to read:

Section 1. **MINNEAPOLIS AND ST. PAUL; RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL ENERGY CONSERVATION PROGRAM; PURPOSE.**

The legislature finds and declares that the state faces potential serious shortages in energy resources and that implementing energy conservation measures requires expanded authority and technical capability in order to minimize the use of traditional energy sources in the housing ~~sector~~, commercial, and industrial sectors; that accomplishing energy conservation is a public purpose; and that it is in the public interest to authorize the city of Minneapolis and the city of St. Paul to provide existing ~~single-family, existing multifamily and existing rental housing~~ residential, commercial, and industrial property loans for energy improvements.

Sec. 2. Laws 1981, chapter 222, section 2, is amended to read:

Sec. 2. **~~RESIDENTIAL~~ ENERGY CONSERVATION PROGRAM.**

Notwithstanding any provision of law or charter to the contrary the city of Minneapolis and the city of St. Paul, individually or jointly are authorized to develop and administer a program or programs for the making or purchasing of energy improvement or energy rehabilitation loans with respect to ~~housing~~ residential, commercial, and industrial properties located anywhere within their respective boundaries on such terms and

2.1 conditions as set forth in this act and an ordinance which shall be adopted by the governing
 2.2 body or bodies of the municipality or municipalities establishing the program. At least 75
 2.3 percent of the proceeds of each energy improvement or energy rehabilitation loan shall
 2.4 be used for ~~housing property~~ repairs ~~and~~, improvements, and equipment (1) which the
 2.5 city determines are (a) used or useful to conserve energy or (b) to convert or retrofit
 2.6 an existing structure for the purpose of using an energy source which does not depend
 2.7 on nuclear or nonrenewable petroleum based resources, and (2) which, when installed
 2.8 or completed, will ~~with respect to each housing unit~~ directly result in a cost effective
 2.9 reduction of energy use from nuclear or nonrenewable petroleum based resources. The
 2.10 ordinance establishing the program shall establish the manner of determining whether the
 2.11 ~~housing~~ repairs ~~and~~, improvements, and equipment will directly result in the required cost
 2.12 effective reduction of energy use. Loans may be made without regard to income level
 2.13 of the loan recipient, shall bear interest at a rate or rates as are established by the city or
 2.14 cities, shall be for a term of not to exceed 20 years, and may be secured by a mortgage
 2.15 or other security interest. The powers granted to each city by sections 1 to 5 of this act
 2.16 are supplemental and in addition to those granted by Minnesota Statutes, Chapter 462C,
 2.17 Chapter 469, and any other law or charter.

2.18 Sec. 3. Laws 1981, chapter 222, section 3, is amended to read:

2.19 Sec. 3. **LIMITATIONS.**

2.20 A program may be established pursuant to this act only after the city establishing the
 2.21 program determines that:

2.22 (1) There is a continued need to reduce consumption of energy from nonrenewable
 2.23 petroleum based resources.

2.24 (2) There are ~~housing units~~ properties within the jurisdiction of the city which are in
 2.25 need of energy improvements and energy rehabilitation.

2.26 (3) Private sources of financing are not reasonably available to provide the needed
 2.27 loans for energy improvements and energy rehabilitation.

2.28 (4) The types of energy improvements and energy rehabilitation will reduce the
 2.29 consumption of energy from nonrenewable petroleum based resources or from nuclear
 2.30 sources.

2.31 Findings made by the city pursuant to this section shall be conclusive and final.

2.32 Sec. 4. Laws 1981, chapter 222, section 4, subdivision 2, is amended to read:

2.33 Subd. 2. **Bonding and financial authority.** Notwithstanding the provisions of any
 2.34 other law, general or special to the contrary, and in addition to the authority contained in

3.1 any other law, the city of Minneapolis and the city of St. Paul individually or jointly may
3.2 exercise any and all of the same powers in relation to the making or purchasing of loans
3.3 or other securities and in the issuing of revenue bonds or obligations in furtherance of
3.4 the programs authorized by sections 1 to 5 as the Minnesota housing finance agency is
3.5 authorized to exercise under the provisions of Minnesota Statutes, Chapter 462A, without
3.6 regard to any of the limitations set forth in Minnesota Statutes, Chapters 462C or 475.
3.7 The revenue bonds or obligations shall be payable from revenues from the program and
3.8 other city ~~housing~~ programs. The revenue bonds or obligations may be payable from
3.9 other sources of city revenue which are derived from federal sources other than general
3.10 revenue sharing, or private grant sources. The city shall not levy or pledge to levy any
3.11 ad valorem tax upon real property for the purpose of paying principal of or interest on
3.12 revenue bonds or obligations.

3.13 **Sec. 5. REPEALER.**

3.14 Laws 1981, chapter 222, section 7, is repealed.

3.15 **Sec. 6. EFFECTIVE DATE.**

3.16 Sections 1 to 5 are effective the day following final enactment for each of the cities
3.17 of Minneapolis and St. Paul without local approval under Minnesota Statutes, section
3.18 645.023, subdivision 1, paragraph (a).