

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 1088

(SENATE AUTHORS: PRATT, Dahms, Sparks and Mathews)

DATE	D-PG	OFFICIAL STATUS
02/16/2017	639	Introduction and first reading
		Referred to Energy and Utilities Finance and Policy
03/08/2017	1160a	Comm report: To pass as amended and re-refer to State Government Finance and Policy and Elections
03/13/2017		Comm report: To pass as amended Second reading

1.1 A bill for an act

1.2 relating to energy; establishing a stakeholder group to develop recommendations

1.3 for consumer protections relating to residential PACE financing; suspending

1.4 authorization for residential PACE financing; requiring a report; amending

1.5 Minnesota Statutes 2016, section 216C.435, by adding a subdivision.

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

1.7 Section 1. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision

1.8 to read:

1.9 Subd. 7a. **Multifamily residential dwelling.** "Multifamily residential dwelling" means

1.10 a residential dwelling containing five or more units intended for use as a residence by tenants

1.11 or lessees of the owner.

1.12 Sec. 2. **RESIDENTIAL PACE CONSUMER PROTECTION LEGISLATION TASK**

1.13 **FORCE PROGRAMS.**

1.14 Subdivision 1. **Establishment.** The Residential PACE Consumer Protection Legislation

1.15 Task Force shall develop recommendations for consumer protection legislation for any

1.16 energy improvements financing program implemented under Minnesota Statutes, sections

1.17 216C.435 to 216C.436, for single-family residential dwellings. For purposes of this section,

1.18 "residential PACE" or "PACE" means energy improvement financing programs for

1.19 single-family residential dwellings authorized under Minnesota Statutes, sections 216C.435

1.20 to 216C.436.

1.21 Subd. 2. **Task force.** (a) The task force consists of 16 members as follows:

1.22 (1) one member appointed by the Minnesota Association of Realtors;

- 2.1 (2) one member appointed by the Center for Energy and Environment;
- 2.2 (3) one member appointed by the Minnesota Bankers Association;
- 2.3 (4) one member appointed by the Legal Services Advocacy Project;
- 2.4 (5) one member appointed by the Minnesota Credit Union Network;
- 2.5 (6) one member appointed by the Minnesota Solar Energy Industry Association;
- 2.6 (7) one member appointed by the St. Paul Port Authority;
- 2.7 (8) one member appointed by the League of Minnesota Cities;
- 2.8 (9) one member appointed by the Association of Minnesota Counties;
- 2.9 (10) one member appointed by AARP Minnesota;
- 2.10 (11) one member appointed by Fresh Energy;
- 2.11 (12) one member appointed by the Citizens Utility Board of Minnesota;
- 2.12 (13) one member appointed by Clean Energy Economy Minnesota;
- 2.13 (14) one member appointed by the Minnesota Land Title Association;
- 2.14 (15) one member appointed by an organization with experience implementing residential
- 2.15 PACE programs in other states; and
- 2.16 (16) the commissioner of commerce or a designee.
- 2.17 (b) Any public member can designate a substitute from the same organization to replace
- 2.18 that member at a meeting of the task force.
- 2.19 Subd. 3. **Duties.** The task force must develop recommendations to:
- 2.20 (1) address concerns regarding the possible constraints on free alienation of residential
- 2.21 property caused by existence and amount of the PACE liens;
- 2.22 (2) reduce and minimize any point-of-sale confusion in transactions involving
- 2.23 PACE-encumbered homes;
- 2.24 (3) ensure conspicuous and meaningful disclosure of, among other things:
- 2.25 (i) all costs and fees of a residential PACE loan; and
- 2.26 (ii) the risks, such as foreclosure and higher costs, that may be associated with residential
- 2.27 PACE loans relative to other financing mechanisms;
- 2.28 (4) ensure that the ability to repay standard uses commonly accepted underwriting
- 2.29 principles;

3.1 (5) ensure that consumer provisions required of and protections that apply to conventional
3.2 loans and other financing options, including but not limited to the Truth in Lending Act and
3.3 the Real Estate Settlement Procedures Act, are required of and apply to PACE financing;

3.4 (6) address any unique protections necessary for elderly, low-income homeowners and
3.5 other financially vulnerable homeowners;

3.6 (7) establish criteria for ensuring the cost-effectiveness of PACE-enabled clean energy
3.7 improvements; and

3.8 (8) address any other issues the task force identifies that are necessary to protect
3.9 consumers.

3.10 Subd. 4. **Administrative support.** The commissioner of commerce shall provide
3.11 administrative support and meeting space for the task force.

3.12 Subd. 5. **Compensation.** Members serve without compensation and shall not be
3.13 reimbursed for expenses.

3.14 Subd. 6. **Chair.** The commissioner of commerce or the commissioner's designee shall
3.15 serve as chair.

3.16 Subd. 7. **Meetings.** The task force shall meet regularly, at the call of the chair. Meetings
3.17 of the task force are subject to Minnesota Statutes, chapter 13D.

3.18 Subd. 8. **Appointments; first meeting.** Appointments must be made by June 1, 2017.
3.19 The commissioner of commerce must convene the first meeting by July 15, 2017.

3.20 Subd. 9. **Report to legislature.** By January 15, 2018, the commissioner shall submit a
3.21 report detailing the task force's findings and recommendations to the chairs and ranking
3.22 minority members of the senate and house of representatives committees with jurisdiction
3.23 over energy and consumer protection policy and finance. The report must include any draft
3.24 legislation necessary to implement the recommendations of the task force.

3.25 Subd. 10. **Suspension of residential PACE.** Until legislation is enacted establishing
3.26 consumer protections that addresses, but is not limited to, the concerns identified in
3.27 subdivision 3, no programs for the financing of energy improvements on a single-family
3.28 residential property dwelling under Minnesota Statutes, sections 216C.435 to 216C.436,
3.29 may be operated after the effective date of this section.

3.30 Subd. 11. **Expiration.** The task force shall expire January 15, 2018, or after submitting
3.31 the report required in this section, whichever is earlier.

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