

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 3946

(SENATE AUTHORS: MARTY and Dibble)

DATE
04/12/2018

D-PG

Introduction and first reading
Referred to Energy and Utilities Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to energy conservation; establishing a grant program for cities to assist in
1.3 funding energy conservation in rental properties; appropriating money; proposing
1.4 coding for new law in Minnesota Statutes, chapter 216B.

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

1.6 Section 1. **[216B.2413] ENERGY CONSERVATION GRANTS FOR RENTAL**
1.7 **PROPERTIES.**

1.8 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this
1.9 subdivision have the meanings given them.

1.10 (b) "Contractor" means an organization awarded a grant from the department under this
1.11 section.

1.12 (c) "Energy conservation improvement" means a project that results in a reduction in
1.13 energy use.

1.14 (d) "Rental property" means residential real estate constructed before 1980 that is used
1.15 or held for use as a residence by the tenants or lessees of the owner.

1.16 Subd. 2. **Establishment.** A grant program is established under the Department of
1.17 Commerce to award grants to contractors to fund energy conservation improvements in
1.18 rental properties.

1.19 Subd. 3. **Eligible expenditures.** (a) Grants awarded to a contractor under this section
1.20 may be used to fund the materials and labor costs to install energy conservation improvements
1.21 in rental properties.

2.1 (b) The department may use no more than percent of the assessment under
2.2 subdivision 7 or the appropriation under subdivision 8, as applicable, as payment to
2.3 administer this section.

2.4 Subd. 4. **Application process.** An applicant must submit an application to the
2.5 commissioner on a form prescribed by the commissioner. The commissioner must develop
2.6 administrative procedures governing the application and grant award process. Grants may
2.7 be awarded under this section only to an organization with extensive experience implementing
2.8 residential energy conservation programs. The commissioner must act as fiscal agent for
2.9 the grant program and is responsible for receiving grant applications, reviewing grant
2.10 applications, and awarding grants to contractors under this section.

2.11 Subd. 5. **Contractor grants to rental property owners.** (a) A contractor may award a
2.12 grant under this section to an owner of a rental property to implement energy conservation
2.13 improvements at the property, provided that:

2.14 (1) the energy conservation improvements implemented are selected from a list of energy
2.15 conservation improvements prepared by the commissioner of commerce, in consultation
2.16 with the Metropolitan Airports Commission, ranked in ascending order based on the cost
2.17 per unit of energy saved. The list may be based on the inventory developed by the
2.18 commissioner under section 216B.241, subdivision 1d, that prioritizes energy conservation
2.19 improvements by the potential energy savings amount and cost-effectiveness;

2.20 (2) an owner of a rental property submits an application to the contractor, prescribed by
2.21 the contractor, to request a grant under this paragraph. The application must be approved
2.22 by the contractor; and

2.23 (3) a rental property owner awarded a grant under this paragraph signs a binding
2.24 agreement with the commissioner to not raise the annual rent by more than three percent
2.25 annually for a period of six years for any unit in a rental property that has received grant
2.26 funds under this section to implement energy conservation improvements.

2.27 (b) The commissioner may set a maximum grant amount based on the square footage
2.28 of the rental property, that may be awarded to a single rental property or a single rental
2.29 property owner.

2.30 (c) A grant awarded under this subdivision must not fund more than 85 percent of a
2.31 project's total cost.

2.32 (d) Any grant funds awarded to a contractor that are not expended by May 31, 2022,
2.33 must be transferred by the contractor to the commissioner of commerce by June 15, 2022.

3.1 The commissioner must deposit the unexpended funds in the energy and conservation
3.2 account established under section 216B.241, subdivision 2a, or the account established
3.3 under section 116C.779, subdivision 1, as applicable.

3.4 Subd. 6. **Assessment.** The commissioner of commerce, as part of the assessment
3.5 authorized under section 216B.241, subdivision 1e, must assess \$..... in fiscal year 2019
3.6 and in fiscal year 2020 for the grant program established under subdivision 2, for rental
3.7 properties located outside the retail electric service area of the public utility that owns a
3.8 nuclear generating facility.

3.9 Subd. 7. **Appropriation.** Notwithstanding section 116C.779, subdivision 1, paragraph
3.10 (j), \$6,000,000 in fiscal year 2019 and \$6,000,000 in fiscal year 2020 are appropriated from
3.11 the account established in section 116C.779, subdivision 1, to the commissioner of commerce
3.12 for the grant program established under subdivision 2, for rental properties located within
3.13 the electric service area of the public utility that owns a nuclear generating facility.

3.14 Subd. 8. **Expiration.** This section expires June 30, 2023.

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