

1 **REVOLVING LOAN FUND FOR CERTAIN ENERGY**
2 **EFFICIENT PROJECTS AMENDMENTS**

3 2010 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Roger E. Barrus**

6 Senate Sponsor: Dennis E. Stowell

8 **LONG TITLE**

9 **General Description:**

10 This bill expands a revolving loan fund known as the Energy Efficiency Fund to
11 include political subdivisions.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ defines terms;
- 15 ▶ allows the Energy Efficiency Fund to be used for energy efficiency projects in
16 buildings owned by political subdivisions, including school districts;
- 17 ▶ permits the Board of the Utah Geological Survey to make rules establishing
18 eligibility and prioritization criteria for disbursing monies from the fund;
- 19 ▶ grants the board other powers and directions to make loans from the fund; and
- 20 ▶ makes technical changes.

21 **Monies Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 This bill provides an immediate effective date.

25 **Utah Code Sections Affected:**

26 AMENDS:

27 **63A-3-205**, as last amended by Laws of Utah 2007, Chapters 306 and 335

28 ENACTS:

29 **11-44-101**, Utah Code Annotated 1953

- 30 **11-44-102**, Utah Code Annotated 1953
- 31 **11-44-202**, Utah Code Annotated 1953
- 32 **11-44-203**, Utah Code Annotated 1953
- 33 **11-44-204**, Utah Code Annotated 1953
- 34 **11-44-205**, Utah Code Annotated 1953

35 RENUMBERS AND AMENDS:

36 **11-44-201**, (Renumbered from 53A-20c-102, as last amended by Laws of Utah 2008,
37 Chapter 382)



39 *Be it enacted by the Legislature of the state of Utah:*

40 Section 1. Section **11-44-101** is enacted to read:

41 **CHAPTER 44. LOAN PROGRAM FOR ENERGY EFFICIENCY PROJECTS**

42 **Part 1. General Provisions**

43 **11-44-101. Title.**

44 This chapter is known as "Loan Program for Energy Efficiency Projects."

45 Section 2. Section **11-44-102** is enacted to read:

46 **11-44-102. Definitions.**

47 As used in this section:

- 48 (1) "Board" means the Board of the Utah Geological Survey.
- 49 (2) "Energy code" means the energy efficiency code adopted under Section 58-56-4.
- 50 (3) (a) "Energy efficiency project" means:
 - 51 (i) for an existing building, a retrofit to improve energy efficiency; or
 - 52 (ii) for a new building, an enhancement to improve energy efficiency beyond the
53 minimum required by the energy code.

54 (b) "Energy efficiency projects" include the following expenses:

- 55 (i) construction;
- 56 (ii) engineering;
- 57 (iii) energy audit; or

58 (iv) inspection.

59 (4) "Fund" means the Energy Efficiency Fund created in Part 2, Energy Efficiency
60 Fund.

61 (5) "Political subdivision" means a county, city, town, or school district.

62 Section 3. Section **11-44-201**, which is renumbered from Section 53A-20c-102 is
63 renumbered and amended to read:

64 **Part 2. Energy Efficiency Fund**

65 ~~[53A-20c-102].~~ **11-44-201. Energy Efficiency Fund -- Creation.**

66 ~~[(1) As used in this section:]~~

67 ~~[(a) "Board" means the Board of the Utah Geological Survey.]~~

68 ~~[(b) "Energy code" means the energy efficiency code adopted by the Division of~~
69 ~~Occupational and Professional Licensing under Section 58-56-4.]~~

70 ~~[(c) "Energy efficiency project" means:]~~

71 ~~[(i) for existing buildings, a retrofit to improve energy efficiency; or]~~

72 ~~[(ii) for new buildings, an enhancement to improve energy efficiency beyond the~~
73 ~~minimum required by the energy code.]~~

74 ~~[(d) "Fund" means the Energy Efficiency Fund created by this part.]~~

75 ~~[(2)]~~ (1) There is created a revolving loan fund known as the Energy Efficiency Fund.

76 ~~[(3)]~~ (2) The fund shall consist of:

77 (a) monies appropriated to it by the Legislature;

78 (b) monies received for the repayment of loans made from the fund;

79 (c) monies made available to the state for energy efficiency from any source; and

80 (d) interest earned on the fund.

81 ~~[(4) (a) The board shall make loans from the fund only to school districts to finance~~
82 ~~energy efficiency projects in school district buildings, including paying the costs of~~
83 ~~construction, engineering, investigation, inspection, and other related expenses.]~~

84 ~~[(b) The board may not:]~~

85 ~~[(i) make loans from the fund to finance a school district's compliance with the energy~~

86 ~~code in the construction of a new building;]~~

87 ~~[(ii) make a loan from the fund with a term of less than two years or more than 12~~
88 ~~years; or]~~

89 ~~[(iii) make loans from the fund to any entity other than a school district.]~~

90 ~~[(5) (a) (i) Each school district seeking a loan shall submit an application to the board~~
91 ~~in the form and containing the information that the board requires, which shall include the~~
92 ~~plans and specifications for the proposed energy efficiency project.]~~

93 ~~[(ii) In the application, the school district may request a loan to cover all or part of the~~
94 ~~cost of an energy efficiency project.]~~

95 ~~[(b) If an application is rejected, the board shall notify the applicant stating the reasons~~
96 ~~for the rejection.]~~

97 ~~[(6) (a) By following the procedures and requirements of Title 63G, Chapter 3, Utah~~
98 ~~Administrative Rulemaking Act, the board shall make rules establishing criteria for:]~~

99 ~~[(i) determining eligibility for loans; and]~~

100 ~~[(ii) determining appropriate priorities among projects.]~~

101 ~~[(b) In making rules governing determining priorities for eligible projects, the board~~
102 ~~may consider:]~~

103 ~~[(i) possible additional sources of revenue;]~~

104 ~~[(ii) the feasibility and practicality of the project;]~~

105 ~~[(iii) the energy savings attributable to an eligible energy efficiency project;]~~

106 ~~[(iv) the annual energy cost savings attributable to an eligible energy efficiency~~
107 ~~project;]~~

108 ~~[(v) the projected energy cost payback of an eligible energy efficiency project;]~~

109 ~~[(vi) the financial need of the public facility owner;]~~

110 ~~[(vii) the environmental and other benefits to the state and local community~~
111 ~~attributable to an eligible energy efficiency project; and]~~

112 ~~[(viii) the availability of federal funds for the project.]~~

113 ~~[(7) (a) In approving a project, the board shall:]~~

114 ~~[(i) review the loan application and the plans and specifications for the project;]~~
115 ~~[(ii) determine whether or not to grant the loan by applying its eligibility criteria; and]~~
116 ~~[(iii) if the loan is granted, prioritize the project by applying its priority criteria.]~~
117 ~~[(b) The board may condition approval of a loan request and the availability of funds~~
118 ~~on assurances from the school district that the board considers necessary to ensure that:]~~
119 ~~[(i) the proceeds of the loan will be used to pay the cost of the project; and]~~
120 ~~[(ii) the project will be completed.]~~
121 ~~[(8) Employees of the state energy program shall serve as staff to the board when it~~
122 ~~performs the duties established in this section.]~~

123 Section 4. Section **11-44-202** is enacted to read:

124 **11-44-202. Criteria for loans.**

125 (1) The board shall make a loan from the fund to a political subdivision only to
126 finance an energy efficiency project.

127 (2) The board may not make a loan from the fund:

128 (a) to finance a political subdivision's compliance with the energy code in the
129 construction of a new building; or

130 (b) with a term of less than two years or more than 12 years.

131 Section 5. Section **11-44-203** is enacted to read:

132 **11-44-203. Applications.**

133 (1) A political subdivision shall submit an application to the board in the form and
134 containing the information that the board requires, which shall include the plans and
135 specifications for the proposed energy efficiency project.

136 (2) (a) In the application, a political subdivision may request a loan to cover all or part
137 of the cost of an energy efficiency project.

138 (b) If an application is rejected, the board shall notify the applicant stating the reasons
139 for the rejection.

140 Section 6. Section **11-44-204** is enacted to read:

141 **11-44-204. Board to make rules establishing criteria.**

142 (1) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
143 the board shall make rules to determine:

- 144 (a) eligibility for a loan; and
- 145 (b) priorities among energy efficiency projects.

146 (2) When making a rule to determine priorities among energy efficiency projects, the
147 board may consider the following:

- 148 (a) possible additional sources of revenue;
- 149 (b) feasibility and practicality of an energy efficiency project;
- 150 (c) energy savings;
- 151 (d) annual energy cost savings;
- 152 (e) projected energy cost payback;
- 153 (f) financial need of the public facility owner;
- 154 (g) environmental and other benefits to the state and local community; and
- 155 (h) availability of federal funds.

156 Section 7. Section **11-44-205** is enacted to read:

157 **11-44-205. Approval of loan by board.**

- 158 (1) In approving a loan, the board shall:
- 159 (a) review the loan application, plans, and specifications for the project;
- 160 (b) determine whether or not to grant the loan by applying its eligibility criteria; and
- 161 (c) if the loan is granted, prioritize the energy efficiency project by applying its
162 priority criteria.

163 (2) The board may provide conditions on a loan to ensure that:

- 164 (a) the proceeds of the loan will be used to pay the cost of the project; and
- 165 (b) the project will be completed.

166 Section 8. Section **63A-3-205** is amended to read:

167 **63A-3-205. Revolving loan funds -- Standards and procedures -- Annual report.**

- 168 (1) As used in this section, "revolving loan fund" means:
- 169 (a) the Water Resources Conservation and Development Fund, created in Section

- 170 73-10-24;
- 171 (b) the Water Resources Construction Fund, created in Section 73-10-8;
- 172 (c) the Water Resources Cities Water Loan Fund, created in Section 73-10-22;
- 173 (d) the Clean Fuel Conversion Funds, created in Title 19, Chapter 1, Part 4, Clean
174 Fuels and Vehicle Technology Program Act;
- 175 (e) the Water Development Security Fund and its subaccounts created in Section
176 73-10c-5;
- 177 (f) the Agriculture Resource Development Fund, created in Section 4-18-6;
- 178 (g) the Utah Rural Rehabilitation Fund, created in Section 4-19-4;
- 179 (h) the Permanent Community Impact Fund, created in Section 9-4-303;
- 180 (i) the Petroleum Storage Tank Loan Fund, created in Section 19-6-405.3;
- 181 (j) the Uintah Basin Revitalization Fund, created in Section 9-10-102;
- 182 (k) the Navajo Revitalization Fund, created in Section 9-11-104; and
- 183 (l) the Energy Efficiency Fund, created in Section [~~53A-20c-102~~] 11-44-201.
- 184 (2) The division shall for each revolving loan fund:
- 185 (a) make rules establishing standards and procedures governing:
- 186 (i) payment schedules and due dates;
- 187 (ii) interest rate effective dates;
- 188 (iii) loan documentation requirements; and
- 189 (iv) interest rate calculation requirements; and
- 190 (b) make an annual report to the Legislature containing:
- 191 (i) the total dollars loaned by that fund during the last fiscal year;
- 192 (ii) a listing of each loan currently more than 90 days delinquent, in default, or that
193 was restructured during the last fiscal year;
- 194 (iii) a description of each project that received money from that revolving loan fund;
- 195 (iv) the amount of each loan made to that project;
- 196 (v) the specific purpose for which the proceeds of the loan were to be used, if any;
- 197 (vi) any restrictions on the use of the loan proceeds;

198 (vii) the present value of each loan at the end of the fiscal year calculated using the
199 interest rate paid by the state on the bonds providing the revenue on which the loan is based
200 or, if that is unknown, on the average interest rate paid by the state on general obligation
201 bonds issued during the most recent fiscal year in which bonds were sold; and

202 (viii) the financial position of each revolving loan fund, including the fund's cash
203 investments, cash forecasts, and equity position.

204 **Section 9. Effective date.**

205 If approved by two-thirds of all the members elected to each house, this bill takes effect
206 upon approval by the governor, or the day following the constitutional time limit of Utah
207 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,
208 the date of veto override.