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

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Roger E. Barrus

Senate Sponsor: Dennis E. Stowell

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

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

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill provides an immediate effective date.

Utah Code Sections Affected:

AMENDS:



28 **63A-3-205**, as last amended by Laws of Utah 2007, Chapters 306 and 335

29 ENACTS:

30 **11-44-101**, Utah Code Annotated 1953

31 **11-44-102**, Utah Code Annotated 1953

32 **11-44-202**, Utah Code Annotated 1953

33 **11-44-203**, Utah Code Annotated 1953

34 **11-44-204**, Utah Code Annotated 1953

35 **11-44-205**, Utah Code Annotated 1953

36 RENUMBERS AND AMENDS:

37 **11-44-201**, (Renumbered from 53A-20c-102, as last amended by Laws of Utah 2008,
38 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

90 ~~[(iii) make loans from the fund to any entity other than a school district.]~~
91 ~~[(5) (a) (i) Each school district seeking a loan shall submit an application to the board~~
92 ~~in the form and containing the information that the board requires, which shall include the~~
93 ~~plans and specifications for the proposed energy efficiency project.]~~
94 ~~[(ii) In the application, the school district may request a loan to cover all or part of the~~
95 ~~cost of an energy efficiency project.]~~
96 ~~[(b) If an application is rejected, the board shall notify the applicant stating the reasons~~
97 ~~for the rejection.]~~
98 ~~[(6) (a) By following the procedures and requirements of Title 63G, Chapter 3, Utah~~
99 ~~Administrative Rulemaking Act, the board shall make rules establishing criteria for:]~~
100 ~~[(i) determining eligibility for loans; and]~~
101 ~~[(ii) determining appropriate priorities among projects.]~~
102 ~~[(b) In making rules governing determining priorities for eligible projects, the board~~
103 ~~may consider:]~~
104 ~~[(i) possible additional sources of revenue;]~~
105 ~~[(ii) the feasibility and practicality of the project;]~~
106 ~~[(iii) the energy savings attributable to an eligible energy efficiency project;]~~
107 ~~[(iv) the annual energy cost savings attributable to an eligible energy efficiency~~
108 ~~project;]~~
109 ~~[(v) the projected energy cost payback of an eligible energy efficiency project;]~~
110 ~~[(vi) the financial need of the public facility owner;]~~
111 ~~[(vii) the environmental and other benefits to the state and local community~~
112 ~~attributable to an eligible energy efficiency project; and]~~
113 ~~[(viii) the availability of federal funds for the project.]~~
114 ~~[(7) (a) In approving a project, the board shall:]~~
115 ~~[(i) review the loan application and the plans and specifications for the project;]~~
116 ~~[(ii) determine whether or not to grant the loan by applying its eligibility criteria; and]~~
117 ~~[(iii) if the loan is granted, prioritize the project by applying its priority criteria.]~~
118 ~~[(b) The board may condition approval of a loan request and the availability of funds~~
119 ~~on assurances from the school district that the board considers necessary to ensure that:]~~
120 ~~[(i) the proceeds of the loan will be used to pay the cost of the project; and]~~

121 ~~[(ii) the project will be completed.]~~

122 ~~[(8) Employees of the state energy program shall serve as staff to the board when it~~
123 ~~performs the duties established in this section.]~~

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

125 **11-44-202. Criteria for loans.**

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

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

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

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

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

133 **11-44-203. Applications.**

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

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

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

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

142 **11-44-204. Board to make rules establishing criteria.**

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

145 (a) eligibility for a loan; and

146 (b) priorities among energy efficiency projects.

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

149 (a) possible additional sources of revenue;

150 (b) feasibility and practicality of an energy efficiency project;

151 (c) energy savings;

- 152 (d) annual energy cost savings;
- 153 (e) projected energy cost payback;
- 154 (f) financial need of the public facility owner;
- 155 (g) environmental and other benefits to the state and local community; and
- 156 (h) availability of federal funds.

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

158 **11-44-205. Approval of loan by board.**

159 (1) In approving a loan, the board shall:

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

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

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

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

168 **63A-3-205. Revolving loan funds -- Standards and procedures -- Annual report.**

169 (1) As used in this section, "revolving loan fund" means:

- 170 (a) the Water Resources Conservation and Development Fund, created in Section
- 171 73-10-24;
- 172 (b) the Water Resources Construction Fund, created in Section 73-10-8;
- 173 (c) the Water Resources Cities Water Loan Fund, created in Section 73-10-22;
- 174 (d) the Clean Fuel Conversion Funds, created in Title 19, Chapter 1, Part 4, Clean
- 175 Fuels and Vehicle Technology Program Act;
- 176 (e) the Water Development Security Fund and its subaccounts created in Section
- 177 73-10c-5;
- 178 (f) the Agriculture Resource Development Fund, created in Section 4-18-6;
- 179 (g) the Utah Rural Rehabilitation Fund, created in Section 4-19-4;
- 180 (h) the Permanent Community Impact Fund, created in Section 9-4-303;
- 181 (i) the Petroleum Storage Tank Loan Fund, created in Section 19-6-405.3;
- 182 (j) the Uintah Basin Revitalization Fund, created in Section 9-10-102;

- 183 (k) the Navajo Revitalization Fund, created in Section 9-11-104; and
184 (l) the Energy Efficiency Fund, created in Section ~~[53A-20c-102]~~ 11-44-201.
185 (2) The division shall for each revolving loan fund:
186 (a) make rules establishing standards and procedures governing:
187 (i) payment schedules and due dates;
188 (ii) interest rate effective dates;
189 (iii) loan documentation requirements; and
190 (iv) interest rate calculation requirements; and
191 (b) make an annual report to the Legislature containing:
192 (i) the total dollars loaned by that fund during the last fiscal year;
193 (ii) a listing of each loan currently more than 90 days delinquent, in default, or that was
194 restructured during the last fiscal year;
195 (iii) a description of each project that received money from that revolving loan fund;
196 (iv) the amount of each loan made to that project;
197 (v) the specific purpose for which the proceeds of the loan were to be used, if any;
198 (vi) any restrictions on the use of the loan proceeds;
199 (vii) the present value of each loan at the end of the fiscal year calculated using the
200 interest rate paid by the state on the bonds providing the revenue on which the loan is based or,
201 if that is unknown, on the average interest rate paid by the state on general obligation bonds
202 issued during the most recent fiscal year in which bonds were sold; and
203 (viii) the financial position of each revolving loan fund, including the fund's cash
204 investments, cash forecasts, and equity position.

205 **Section 9. Effective date.**

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

Legislative Review Note
as of 2-3-10 12:13 PM

Office of Legislative Research and General Counsel