

## 1 HOUSE BILL NO. 571

2 INTRODUCED BY M. CUFFE

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4 A BILL FOR AN ACT ENTITLED: "AN ACT TRANSFERRING THE ADMINISTRATION AND IMPLEMENTATION  
5 OF THE ALTERNATIVE ENERGY REVOLVING LOAN ACCOUNT LAWS FROM THE DEPARTMENT OF  
6 ENVIRONMENTAL QUALITY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION;  
7 AMENDING SECTIONS 75-25-101, 75-25-102, AND 75-25-103, MCA; AND PROVIDING AN EFFECTIVE  
8 DATE."

9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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12 **Section 1.** Section 75-25-101, MCA, is amended to read:

13 **"75-25-101. (Temporary) Alternative energy revolving loan account.** (1) There is a special revenue  
14 account called the alternative energy revolving loan account to the credit of the department of ~~environmental~~  
15 quality natural resources and conservation.

16 (2) The alternative energy revolving loan account consists of money deposited into the account from air  
17 quality penalties from 75-2-401 and 75-2-413 and money from any other source. Any interest earned by the  
18 account and any interest that is generated from a loan repayment must be deposited into the account and used  
19 to sustain the program.

20 (3) Funds from the alternative energy revolving loan account may be used to provide loans to individuals,  
21 small businesses, units of local government, units of the university system, and nonprofit organizations for the  
22 purpose of building alternative energy systems, as defined in 15-32-102:

23 (a) to generate energy for their own use;

24 (b) for net metering as defined in 69-8-103; and

25 (c) for capital investments by those entities for energy conservation purposes, as defined in 15-32-102,  
26 when done in conjunction with an alternative energy system.

27 (4) (a) Except as provided in subsection (4)(b), the amount of a loan may not exceed \$40,000, and the  
28 loan must be repaid within 10 years.

29 (b) For loans made using money obtained ~~by the department of environmental quality~~ from the federal  
30 government under the American Recovery and Reinvestment Act of 2009, Public Law 111-5, the amount of a loan

1 may not exceed \$100,000 and the loan must be repaid within 15 years. The department may establish a loan limit  
 2 of less than \$100,000 based on the amount of money received from the federal government and the department's  
 3 projected number of applications and application amounts. (Terminates June 30, 2011--sec. 82, Ch. 489, L.  
 4 2009.)

5 **75-25-101. (Effective July 1, 2011) Alternative energy revolving loan account.** (1) There is a special  
 6 revenue account called the alternative energy revolving loan account to the credit of the department of  
 7 ~~environmental quality~~ natural resources and conservation.

8 (2) The alternative energy revolving loan account consists of money deposited into the account from air  
 9 quality penalties from 75-2-401 and 75-2-413 and money from any other source. Any interest earned by the  
 10 account and any interest that is generated from a loan repayment must be deposited into the account and used  
 11 to sustain the program.

12 (3) Funds from the alternative energy revolving loan account may be used to provide loans to individuals,  
 13 small businesses, units of local government, units of the university system, and nonprofit organizations for the  
 14 purpose of building alternative energy systems, as defined in 15-32-102:

- 15 (a) to generate energy for their own use;
- 16 (b) for net metering as defined in 69-8-103; and
- 17 (c) for capital investments by those entities for energy conservation purposes, as defined in 15-32-102,  
 18 when done in conjunction with an alternative energy system.

19 (4) The amount of a loan may not exceed \$40,000, and the loan must be repaid within 10 years."  
 20

21 **Section 2.** Section 75-25-102, MCA, is amended to read:

22 **"75-25-102. (Temporary) Administration of revolving loan account -- rulemaking authority.** (1) The  
 23 department of ~~environmental quality~~ natural resources and conservation shall adopt rules establishing:

- 24 (a) eligibility criteria, including criteria for defining residences, small businesses, and nonprofit  
 25 organizations, criteria for defining capital investments for energy conservation purposes, ownership of the  
 26 alternative energy facility, financial capacity to repay the loans, estimated return on investment in the alternative  
 27 energy and energy conservation, and other matters that the department considers necessary to ensure  
 28 repayment of loans and to encourage maximum use of the fund for alternative energy and net metering uses;
- 29 (b) processes and procedures for disbursing loans, including the agencies or organizations that are  
 30 allowed to process the loan application for the department; and

1 (c) terms and conditions for the loans, including repayment schedules and interest.

2 (2) The department shall solicit assistance in the development and operation of the program from  
3 individuals familiar with financial services and persons knowledgeable in alternative energy systems.

4 (3) Administrative costs charged to the account may not exceed 10% of the total loans or \$23,000 a year,  
5 whichever is greater. Legal fees and costs associated with collection of debt on principal are not considered  
6 administrative costs.

7 (4) The loans must be made at a low interest rate. The department may set the interest rate at an amount  
8 that will cover its administrative costs, but the rate may not be less than 1% a year. The department may seek  
9 recovery of the amount of principal loaned in the event of default. (Terminates June 30, 2011--sec. 82, Ch. 489,  
10 L. 2009.)

11 **75-25-102. (Effective July 1, 2011) Administration of revolving loan account -- rulemaking**  
12 **authority.** (1) The department of ~~environmental quality~~ natural resources and conservation shall adopt rules  
13 establishing:

14 (a) eligibility criteria, including criteria for defining residences, small businesses, and nonprofit  
15 organizations, criteria for defining capital investments for energy conservation purposes, ownership of the  
16 alternative energy facility, financial capacity to repay the loans, estimated return on investment in the alternative  
17 energy and energy conservation, and other matters that the department considers necessary to ensure  
18 repayment of loans and to encourage maximum use of the fund for alternative energy and net metering uses;

19 (b) processes and procedures for disbursing loans, including the agencies or organizations that are  
20 allowed to process the loan application for the department; and

21 (c) terms and conditions for the loans, including repayment schedules and interest.

22 (2) The department shall solicit assistance in the development and operation of the program from  
23 individuals familiar with financial services and persons knowledgeable in alternative energy systems.

24 (3) Administrative costs charged to the account may not exceed 10% of the total loans or \$23,000 a year,  
25 whichever is greater. Legal fees and costs associated with collection of debt on principal are not considered  
26 administrative costs.

27 (4) The loan repayment period may not exceed 10 years. The loans must be made at a low interest rate.  
28 The department may set the interest rate at an amount that will cover its administrative costs, but the rate may  
29 not be less than 1% a year. The department may seek recovery of the amount of principal loaned in the event  
30 of default."

