

Rural Minnesota Energy Board

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MN Property Assessed Clean Energy (PACE) Legislation Overview

Web Address to complete legislation:

[https://www.revisor.mn.gov/statutes/cite/216
C.436](https://www.revisor.mn.gov/statutes/cite/216C.436)

Purpose of PACE

Finance Cost Effective Energy Improvements on commercial real properties

Program is for property owners of qualified properties

-Why for property owners? PACE financing is paid back on property taxes as a special tax assessment

Requirements

- Energy Audit or Feasibility Study
- Inspection of at least 10% of improvements
- Improvements made prior to or in conjunction with repayment schedule
- Improvements performed by a licensed contractor
- Must disclose risks of borrowing including tax forfeiture

Requirements- Con'd

- Must demonstrate an ability to repay
- Applicants must be current on property taxes
- Payments by special tax assessments
- Payments are not accelerated due to a default- tax delinquency exists only for assessments not paid when due
- Liability for special assessments runs with the property

Retail and end use prohibited

- Energy generated by an energy improvement may not be sold, transmitted, or distributed at retail
- Energy may not provide for end use of the electrical energy from an off-site facility

Financing Terms

- Term not exceeding the useful life of the energy improvements installed- max 20 years
- Loan Amount not to exceed the lesser of:
 - greater of 20 percent of the assessed value of the real property on which the improvements are to be installed or 20 percent of the real property's appraised value, accepted or approved by the mortgage lender; or
 - actual cost of installing the energy improvements
- Interest rate sufficient to pay the financing costs of the program

Coordination with other programs

Must include cooperation and coordination with:

- conservation improvement activities of the utility serving the qualifying commercial real property
- other public and private energy improvement programs

Issuance of Bonds

- An implementing entity may issue revenue bonds as provided in chapter [475](#) for the purposes of this section and section [216C.437](#)
- Bonds must not be payable more than 20 years from the date of issuance

Supplemental funding sources

- An implementing entity is authorized to establish, acquire, and use additional or alternative funding sources for the purposes of this section and section [216C.437](#).
- (b) For the purposes of this subdivision and section [216C.437](#), additional or alternative funding sources do not include issuance of general obligation bonds

Real Property or Fixture

- A cost-effective energy improvement financed under a PACE loan program, including all equipment purchased in whole or in part with loan proceeds under a loan program, is deemed real property or a fixture attached to the real property

Eligibility:

- Must be located in a RMEB county in good standing
- Commercial or industrial business (including agri-business), non-profit (must have a business presence in at least 50% of the space)
- Retrofit or New project

Loan Size and Interest Rate:



- Loans may range from \$5,000 to \$100,000
- Interest rate as low as 4%

Additional Notes:

- A 1% origination fee applies
- Davis-Bacon applies to ARRA funds

PORTFOLIO STATISTICS

- 27 loans since inception
- Loans totaling \$972,212.06
- Loans by County:
 - 1-Blue Earth 3- Cottonwood
 - 2-Jackson 4-Lincoln
 - 3- Lyon 1-Murray
 - 9-Nobles 1-Pipestone
 - 2-Redwood 1- Renville

Loan soon to close....

- Nobles County
 - \$61,900
 - Less than 4 story housing
 - Inn Towne Apartments

Types of Projects

- Lighting
- Heating/Cooling
- Refrigeration
- Insulation- some have been with roof projects
- Hot water heater
- Solar
- Air Exchange

Types of Businesses

- Gas Stations
 - Less than 4 story housing
 - Martial Arts
 - Restaurants
 - Grocery Stores
 - Retail
 - Water Conditioning
 - Lodging
- Swine Barns
 - Laundromat
 - Dance Studio
 - Garden Center

Business Names

- Blue Line Travel Center
- Parkwood Plan- Mt. Lake
- Main Street Do Jong- Tyler
- Bob & Steve's Holiday
- Hi Lo Supper Club- Lakefield
- Mini Market Lupita
- Main Street Repeats
- Knott's Corner
- B & D Market
- El Rancho Restaurant
- Main Street Kids
- Culligan
- Hwy59 Car Wash/Laundromat
- Hatfield Roadhouse
- Bench Lakeview Lodge
- McCuen Welding
- Danebod Village
- Ivanhoe Community Foods
- Solar (x3)- Hog sites
- Colonial Laundromat
- Cedar Street Bar & Grill
- Mike's Café
- Southwest School of Dance
- New Beginning Garden Center

Latest PACE Brochure/ Application and Energy Audit Assistance Applications

<http://www.rmeh.org/PACE/PACEbrochure.pdf>

[http://www.rmeh.org/PACE/PACEapplication.p
df](http://www.rmeh.org/PACE/PACEapplication.pdf)



RURAL MINNESOTA
ENERGY BOARD



SRDC



Questions

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