

No. 87. An act relating to the establishment of the Vermont Clean Energy Loan Fund.

(H.395)

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 10 V.S.A. chapter 12, subchapter 13 is added to read:

Subchapter 13. Vermont Sustainable Energy Loan Fund

§ 280cc. CREATION; PURPOSE; DEFINITIONS

(a) There is established within the Authority the Vermont Sustainable Energy Loan Fund, referred to in this subchapter as “the Fund,” the purpose of which shall be to enable the Authority to make loans and provide other forms of financing for projects that stimulate and encourage development and deployment of sustainable energy projects in the State of Vermont.

(b) In this subchapter:

(1) “Renewable energy” shall have the same meaning as in 30 V.S.A. § 8002(17).

(2) “Sustainable energy” means energy efficiency, renewable energy, and technologies that enhance or support the development and implementation of renewable energy or energy efficiency, or both.

§ 280dd. LOAN PROGRAMS ADMINISTERED WITHIN THE FUND

(a) The Fund shall consist of:

(1) Existing sustainable energy loans made by the Authority, the Vermont Small Business Development Corporation, and the Vermont Agricultural Credit Corporation.

(2) Sustainable energy loans originated under the following programs:

(A) The Small Business Energy Efficiency Loan Program, under which the Authority provides loans for qualifying commercial energy efficiency improvements.

(B) The Renewable Energy Loan Program, which the Authority may create to provide loans for qualifying renewable energy projects.

(C) The Agricultural Energy Loan Program, which the Authority may create to provide loans for qualifying agriculture- and forest product-based sustainable energy projects.

(D) The Energy Efficiency Loan Guarantee Program, which the Authority may create to provide loan guarantees to participating lending institutions that enroll loans for sustainable energy projects in the Program.

(3) Programs created by the Authority pursuant to subsection (c) of this section.

(b) The Fund shall be administered by the Authority and shall not be subject to 32 V.S.A. chapter 7, subchapter 5.

(c) The Authority may establish:

(1) New financing programs that the Authority determines are necessary to encourage and promote sustainable energy projects and reduce reliance upon fossil fuel sources.

(2) Policies and procedures for programs within the Fund that the Authority determines are necessary to carry out the purposes of this subchapter.

(d) For all sustainable energy loans, the Authority shall maintain records on the projected reductions in greenhouse gas emissions and, for energy efficiency loans, the projected energy savings from the financed improvements and shall provide data on the projected greenhouse gas emissions reductions and projected energy savings to the Department of Public Service, the Public Service Board, and the Agency of Natural Resources on request. The methods used for calculating and reporting this data shall be the same methods used in programs delivered under 30 V.S.A. § 209(d) and (e). The data provided shall be used for the purpose of tracking progress toward the greenhouse gas reduction goals of section 578 of this title and the building efficiency goals of section 581 of this title.

Sec. 2. INITIAL CAPITALIZATION OF THE ENERGY EFFICIENCY

LOAN GUARANTEE PROGRAM

The Vermont Economic Development Authority shall provide loan guarantees under the Energy Efficiency Loan Guarantee Program for loans enrolled in the Program by participating banks through an initial capital contribution of \$500,000.00 from the Authority and from additional sources as they become available, which may include capital investments from the Vermont Clean Energy Development Fund, State Energy Program grants through the Department of Public Service, and available federal funding.

Sec. 3. 10 V.S.A. § 216 is amended to read:

§ 216. AUTHORITY; GENERAL POWERS

The ~~authority~~ Authority is hereby authorized:

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(13) To cause to be incorporated in Vermont a nonprofit corporation which will qualify as a state development company under Title 15 of the United States Code and rules and regulations adopted pursuant thereto. The voting members of the ~~authority~~ Authority shall be members of the company and shall constitute the board of directors of the company. The company shall have at least 14 other members selected by the members of the ~~authority~~ Authority. The company shall be organized and operate under the nonprofit corporation laws of the ~~state~~ State of Vermont to the extent not inconsistent herewith. The ~~authority~~ Authority shall have the power to contract with the company to provide staff and management needs of the company. The ~~authority~~ Authority is authorized to contribute ~~up to \$25,000.00~~ to the capital of the company in an amount the Authority determines is necessary and appropriate;

(14) To incorporate one or more nonprofit corporations in Vermont to fulfill the goals of this chapter. Such corporation shall be empowered to borrow money and to receive and accept gifts, grants, or contributions from any source, provided that such gifts, grants, or contributions are not less than \$5,000.00 from any one source for the period of one year and provided that

such nonprofit corporation provides business loans of not less than \$2,500.00 to any particular entity or individual. The voting members of the ~~authority~~ Authority shall be directors of the corporation. The corporation shall be organized and operate under the nonprofit corporation laws of the ~~state~~ State of Vermont. The ~~authority~~ Authority may contract with the corporation to provide staff and management needs of the company. The ~~authority~~ Authority may contribute ~~no more than \$1,050,000.00~~ to the capital of the corporation in an amount the Authority determines is necessary and appropriate;

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(17) To contribute to the capital of the Vermont Agricultural Credit Corporation established pursuant to chapter 16A of this title in an amount the Authority determines is necessary and appropriate;

(18) To contribute to the capital of the Vermont Sustainable Energy Loan Fund established under subchapter 13 of this chapter in an amount the Authority determines is necessary and appropriate.

Sec. 4. 10 V.S.A. § 234 is amended to read:

§ 234. THE VERMONT JOBS FUND

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(b) In order to provide monies in the ~~industrial development fund~~ Fund for loans under this chapter, the ~~authority~~ Authority may issue notes for purchase by the ~~state treasurer~~ State Treasurer as provided in section 235 of this chapter.

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(f) The Authority may loan money from the Fund to the Vermont Sustainable Energy Loan Fund established under subchapter 13 of this chapter at interest rates and on terms and conditions set by the Authority.

Sec. 5. 10 V.S.A. § 280a is amended to read:

§ 280a. ELIGIBLE PROJECTS; AUTHORIZED FINANCING PROGRAMS

(a) The ~~authority~~ Authority may develop, modify, and implement any existing or new financing program, provided that any specific project that benefits from such program shall meet the criteria contained in the Vermont sustainable jobs strategy adopted under section 280b of this title, and provided further that the program shall meet the criteria contained in the Vermont sustainable jobs strategy adopted under section 280b of this title. ~~Such~~ These programs may include:

(1) the ~~mortgage insurance program~~ Mortgage Insurance Program, administered under subchapter 2 of chapter 12 of this title;

(2) the ~~loans to local development corporations program~~ Loans to Local Development Corporations Program, administered under subchapter 3 of chapter 12 of this title;

(3) the ~~industrial revenue bond program~~ Industrial Revenue Bond Program, administered under subchapter 4 of chapter 12 of this title;

(4) the ~~direct loan program~~ Direct Loan Program, administered under subchapter 5 of chapter 12 of this title;

(5) ~~the Vermont financial access program, administered under subchapter 8 of chapter 12 of this title;~~

(6) ~~the SBA 504 Certified Development Company and Rural Economic Activity Loan programs~~ Small Business Loan Programs of the authority's Vermont ~~503~~ 504 Corporation, administered by the ~~authority~~ Authority under subdivision 216(13) of this title;

(7)(6) ~~the Small Business Development Corporation program~~ Program, administered by the ~~authority~~ Authority under subdivision 216(14) of this title;

(8)(7) ~~one or more programs targeting economically distressed regions of the state~~ State, and specifically including the ~~authority~~ Authority to develop a program to finance or refinance up to 100 percent of the existing assets or debts of a health, recreation, and fitness organization which is exempt under Section 501(c)(3) of the Internal Revenue Code, the income of which is entirely used for its exempt purpose, that owns and operates a recreation facility located in a distressed region of the ~~state~~ State;

(9)(8) ~~an export finance program~~ Export Finance Program, administered by the ~~authority~~ Authority under subchapter 9 of chapter 12 of this title;

(9) a Vermont Sustainable Energy Loan Fund and any programs created thereunder, administered by the Authority under subchapter 13 of this chapter;

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Sec. 6. 10 V.S.A. § 213(b) and (c) are amended to read:

(b) The ~~authority~~ Authority shall have ~~12~~ 15 voting members consisting of the ~~secretary of the agency of commerce and community development, the state treasurer, the secretary of agriculture, food and markets~~ Secretary of the Agency of Commerce and Community Development, the State Treasurer, the Secretary of Agriculture, Food and Markets, the Commissioner of Forests, Parks and Recreation, and the Commissioner of Public Service, each of whom shall serve as an ex officio member, or a designee of any of the aforementioned; and ~~nine~~ 10 members, who shall be residents of the ~~state~~ State of Vermont, appointed by the ~~governor~~ Governor with the advice and consent of the ~~senate~~ Senate. The appointed members shall be appointed for terms of six years and until their successors are appointed and qualified. ~~The first members appointed by the governor to the new authority shall be appointed, three for a term of two years, three for a term of four years and three for a term of six years.~~ Appointed members may be removed by the ~~governor~~ Governor for cause and the ~~governor~~ Governor may fill any vacancy occurring among the appointed members for the balance of the unexpired term.

(c) The ~~authority~~ Authority shall elect a chair, from among its appointed members, and a vice chair and treasurer from among its members and shall employ a manager who shall hold office at the ~~authority's~~ Authority's pleasure and who, unless he or she is a member of the classified service under 3 V.S.A. chapter 13 of Title 3, shall receive such compensation as may be fixed by the

~~authority~~ Authority with the approval of the ~~governor~~ Governor. A quorum shall consist of ~~six~~ eight members. Members disqualified from voting under section 214 of this title shall be considered present for purposes of determining a quorum. No action of the ~~authority~~ Authority shall be considered valid unless the action is supported by a majority vote of the members present and voting and then only if at least ~~four~~ five members vote in favor of the action.

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Sec. 7. 10 V.S.A. § 219(d) is amended to read:

(d) In order to assure the maintenance of the debt service reserve requirement in each debt service reserve fund established by the ~~authority~~ Authority, there may be appropriated annually and paid to the ~~authority~~ Authority for deposit in each such fund, such sum as shall be certified by the chair of the ~~authority~~ Authority, to the ~~governor~~ Governor, the ~~president of the senate~~ President of the Senate, and the ~~speaker of the house~~ Speaker of the House, as is necessary to restore each such debt service reserve fund to an amount equal to the debt service reserve requirement for such fund. The chair shall annually, on or about February 1, make, execute, and deliver to the ~~governor~~ Governor, the ~~president of the senate~~ President of the Senate, and the ~~speaker of the house~~ Speaker of the House, a certificate stating the sum required to restore each such debt service reserve fund to the amount aforesaid, and the sum so certified may be appropriated, and if appropriated, shall be paid to the ~~authority~~ Authority during the then current state fiscal year. The

principal amount of bonds or notes outstanding at any one time and secured in whole or in part by a debt service reserve fund to which state funds may be appropriated pursuant to this subsection shall not exceed ~~\$115,000,000.00~~ \$130,000,000.00, provided that the foregoing shall not impair the obligation of any contract or contracts entered into by the authority in contravention of the Constitution of the United States.

Sec. 8. INVESTMENT OF STATE MONIES

The Treasurer is hereby authorized to establish a short-term credit facility for the benefit of the Vermont Economic Development Authority in an amount of up to \$10,000,000.00.

Sec. 8a. VERMONT STATE TREASURER; CREDIT FACILITY FOR
RESIDENTIAL ENERGY EFFICIENCY LOANS

(a) Notwithstanding any other provision of law to the contrary, the Vermont State Treasurer, working in collaboration with the Vermont Housing Finance Agency, the entities appointed to deliver energy efficiency under 30 V.S.A. § 209(d)(2), NeighborWorks of Western Vermont, and other appropriate parties, shall have the authority to establish a credit facility of up to \$6,500,000.00, on terms acceptable to the Treasurer.

(b) The credit facility described in subsection (a) of this section shall be used for the purpose of financing energy efficiency improvements throughout Vermont for dwellings the owners of which demonstrate that they are credit-worthy and have a need for access to financing to make energy

efficiency improvements in their dwellings. For the purpose of this section, “dwelling” means a residential structure that contains one or more housing units or that part of a structure that contains one or more residential housing units.

(c) The Treasurer shall take all reasonable steps to minimize the administrative costs of the financing programs supported by the facility described in subsection (a) of this section. On or before December 15, 2013, the Treasurer shall submit a written report to the House Committee on Commerce and Economic Development and the Senate Committees on Economic Development, Housing and General Affairs and on Finance detailing the steps taken to implement this subsection.

(d) Entities providing financing supported by the credit facility described in subsection (a) of this section shall:

(1) With respect to each dwelling that seeks financing supported by the facility:

(A) evaluate energy efficiency improvements on a whole-building basis and provide the list of potential improvements resulting from this evaluation to the owner; and

(B) provide information to the owner on other incentives or financial support available for the improvements; and

(2) With respect to each dwelling that receives financing supported by the facility, maintain records on the projected energy savings and projected

reductions in greenhouse gas emissions from the financed energy efficiency improvements and provide data on the number of dwellings served, projected energy saved, and projected greenhouse gas emission reductions to the Department of Public Service, the Public Service Board, and the Agency of Natural Resources on request. The methods used for calculating and reporting this data shall be the same methods used in programs delivered under 30 V.S.A. § 209(d) and (e). The data provided shall be used for the purpose of tracking progress toward the greenhouse gas reduction goals of 10 V.S.A. § 578 and the building efficiency goals of 10 V.S.A. § 581.

Sec. 8b. VERMONT CLEAN ENERGY JOBS INITIATIVE

The following shall be known collectively as the Vermont Clean Energy Jobs Initiative: the Vermont Sustainable Energy Loan Fund in Sec. 1 of this act; the Energy Efficiency Loan Guarantee Program under Sec. 2 of this act; the residential energy efficiency loans under Sec. 8a of this act; property-assessed clean energy districts under 24 V.S.A. chapter 87, subchapter 2; the delivery of energy efficiency services by entities appointed under 30 V.S.A. § 209(d)(2); the Clean Energy Development Fund under 30 V.S.A. § 8015; and the Home Weatherization Assistance Program under 33 V.S.A. chapter 25.

Sec. 9. EFFECTIVE DATE

This act shall take effect on passage.

Date the Governor signed the bill: June 17, 2013