

PARTNER TO UNLOCK FINANCING FOR GREEN PROJECTS ACROSS THE STATE

Governor Walz's budget proposal provides seed money to establish a Green Bank, or Green Innovation Finance Fund, that can partner with the private sector to address barriers and gaps, unlocking greater private investment that enables the equitable deployment of clean, climate-resilient and clean water technologies which will create jobs, increase resilience to extreme weather and save money for businesses, farmers and families. The Green Bank would leverage private investment in Minnesota. For example, the Connecticut Green Bank has used \$250 million in public funding to drive over \$1.6 billion in overall investment in the state's clean energy market (Source: [CT Green Bank FY 12-19 Green Bank Impact Report](#)). There are over 20 green banks across the country (Source: Coalition for Green Capital, [Green Banks in the United States: 2021 U.S. Green Bank Annual Industry Report](#)).

WHAT DOES THIS BILL DO?

This bill would establish an Advisory Taskforce made up of the Commissioner of Commerce, DEED, Agriculture, and MPCA, members appointed by the speaker of the House, members appointed by the president of the senate who have experience in finance, members who that have extensive life experience within vulnerable communities, and members appointed by the Governor. The bill directs the Advisory Taskforce to create a Green Innovation Finance Fund as a nonprofit 501c3 organization. The nonprofit will be governed by a board of directors, and the initial board must have at least a majority of the Taskforce. The Department of Commerce will provide some oversight.

THE GREEN BANK WILL SEEK TO:

- Partner with private lenders and other lending programs, utilities
- Serve the areas of clean energy, energy efficiency, electrification, regenerative agriculture, clean water, or energy or climate resilience, prioritizing projects that maximize greenhouse gas emission reductions or address disparities in access to clean energy projects for underserved communities.
- Within those areas, identify underserved markets and develop programs to overcome barriers,
- Achieve a high level of private to public funding, leveraging other public and private sources of capital
- Serve as an informational resources to contractors
- Use tools such loans, credit enhancements, and other financing mechanisms, along with strategies to stimulate demand.
- Projects over \$100,000 financed all or in part will ensure workers are paid prevailing wage.

BARRIERS THAT WE ARE SEEKING TO ADDRESS:

- Need for gap financing in partnership with lenders – If a project is only able to secure financing for a portion of the costs, Green Banks can provide the gap financing needed to close a deal
- Improved lending terms -green bank can help make those terms better in a number of ways: Loan-loss reserve; buy -down interest rate, etc. Green bank can partner with conventional lender and buy-down the interest rate or offer a loan-loss reserve, so that the private lender can offer a product with better lending terms for the borrower. There are hundreds of lenders, and they all can't be experts in clean or climate resilience technology. The green bank can work with them to lenders to help them understand the technology and lending opportunity, and if needed develop a strategy to meeting unmet needs.

WHY IS THIS BILL IMPORTANT?

The experience of Connecticut describes the benefits for Minnesota:

“The importance of public-private partnerships, like the one between Key Bank and the Connecticut Green Bank, cannot be overstated, especially when it comes to the financing of renewable and other clean energy projects.”

Our partnership with the Green Bank through the CT Solar Lease led to over \$100 million of investment to reduce the energy burden on nearly 1,200 families and 75 businesses in our communities.

Additionally, it was the involvement of the Green Bank that helped attract financing from Key Bank toward microgrid construction at critical facilities in Bridgeport, and a first-of-its-kind ‘micro-hydro’ generator at Hanover Pond in Meriden.”

- Christopher Gorman, Vice Chairman and President of Banking, KeyBank

(Source: [CT Green Bank FY 12-19 Green Bank Impact Report](#))