MN HOUSE RESEARCH

Bill Summary

H.F. 2336

As amended by H2336DE5

Subject	**Financing Clean Energy Projects**
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Overview

House File 2336, as amended by H2336DE5, creates a public corporation to stimulate the development of clean energy and greenhouse gas emissions reduction projects by using innovative financing tools to leverage private and public capital to overcome the market barriers that inhibit the financing of these projects.

Summary

Section	Description

1 **[216C.44] Minnesota Climate Innovation Finance Authority.**

Subd. 1. Establishment; purpose. Creates a public corporation to accelerate the financing of clean energy and greenhouse gas emissions reduction projects by using public funds to leverage a larger amount of private and public capital and by strategically employing innovative financing tools to overcome financing barriers.

Subd. 2. Definitions. Defines terms, including “qualified project,” which includes a project or technology that reduces greenhouse gas emissions or energy use; increases the deployment of renewable energy, energy storage, smart grid technologies, or microgrids; supports the development of electric vehicle infrastructure; promotes electrification; reduces water use; and other types of projects.

Subd. 3. General powers. Authorizes the authority to enter into agreements or contracts with any person, corporation, or government agency; to acquire and manage real property; to provide technical services; and to exercise other powers.

Subd. 4. Authority duties. Lists activities the authority must conduct, including;

- ensuring that all financed projects reduce greenhouse gas emissions;

Section	Description

- achieving a high ratio of private to public money in authority-financed projects;
- stimulating demand for projects by developing innovative marketing strategies to reach potential project participants in underserved markets, increasing awareness of its financing programs among the public and contractors, and incentivizing traditional financing entities to be more active in underserved markets; and
- develop underwriting and consumer protection standards, risk management activities, and a schedule of fees for authority services.

The authority may also serve as the designated state entity to apply for federal Greenhouse Gas Reduction Fund grants.

Subd. 5. Underserved market analysis. Requires the authority, prior to developing a financing program, to analyze that market to determine the extent to which it is underserved, the nature and extent of the financial barriers that make it underserved, and how the authority's unique tools can be deployed to overcome those barriers, so that the authority does not duplicate or supplant the efforts of traditional financing entities already present in that market.

Subd. 6. Authority lending practices; labor and consumer protection standards. Requires the authority to give preference to projects that create high-quality employment and apprenticeship opportunities for local workers, especially workers from environmental justice communities and communities where fossil fuel generating plants have, or are about to be, retired.

Requires payment of at least the prevailing wage to workers on projects whose total costs exceed $100,000.

Requires compliance with the state's maximum finance charge statute and federal fair credit laws with respect to loans to homeowners.

Subd. 7. Strategic plan. Requires the authority to prepare a strategic plan every two years to guide its activities by identifying underserved markets it should enter, developing programs to overcome specific market barriers in order to serve that market, and employing outreach and marketing strategies. Requires that strategies must be designed to ensure that at least 40 percent of program benefits flow to environmental justice communities. The authority must seek input from stakeholders, environmental justice communities, and the public in preparing the strategy.

Subd. 8. Investment strategy; content; process. Requires the authority to prepare a long-term investment strategy every four years to govern its financing activities. The strategy must prioritize types of clean energy programs on which

Section	Description
	the authority should focus; identify gaps in current financing that provide the best opportunities for authority success; determine financing tools that will most effectively achieve the authority's goals; identify productive partnerships; and address how values of equity and environmental justice can be incorporated into all the authority's activities. The authority must seek input from stakeholders, environmental justice communities, and the public in preparing the strategy. **Subd. 9. Public communications and outreach.** Requires the authority to maintain a public website and to issue an e-newsletter that contains information on its programs and activities, and to hold quarterly meetings that are accessible online to update the public on its activities. **Subd. 10. Board of directors.** Creates a board of 11 members appointed by the governor, consisting of four state agency commissioners, the chair of the Minnesota Indian Affairs Council, and six additional members with expertise relevant to the authority's activities. The governor must make appointments by July 30, 2023, and the initial meeting of the board must occur by September 30. The authority must contract with the Department of Commerce for administrative and technical support. **Subd. 11. Report; audit.** Requires the authority to submit an annual report to the legislature on the authority's activities and a financial audit conducted by an independent agency.
2	**Appropriation.** $45,000,000 is appropriated in fiscal year 2024 from the general fund to the authority for the purposes of section 216C.44.

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