

REFERENCE TITLE: energy; water; savings loan fund

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HB 2494

Introduced by
Representative Mason, Senators Aboud, O'Halleran: Representatives Ableser,
Bradley, Clark, Hershberger, Konopnicki, Nelson

AN ACT

AMENDING TITLE 34, CHAPTER 4, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2;
MAKING AN APPROPRIATION; RELATING TO THE ARIZONA ENERGY AND WATER SAVINGS
LOAN FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 34, chapter 4, Arizona Revised Statutes, is amended
3 by adding article 2, to read:

4 ARTICLE 2. ARIZONA ENERGY AND WATER SAVINGS LOAN FUND

5 34-431. Definitions

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 1. "ELIGIBLE PROJECT" MEANS A PROJECT THAT SAVES ELECTRICITY, NATURAL
8 GAS, OTHER ENERGY FUELS OR WATER THROUGH:

9 (a) IMPROVEMENTS IN THE EFFICIENCY OF ENERGY OR WATER USE, ON-SITE
10 PRODUCTION AND USE OF ELECTRICITY AND USEFUL THERMAL ENERGY.

11 (b) BETTER OPERATION OF BUILDINGS AND ENERGY-CONSUMING OR WATER-USING
12 EQUIPMENT IN BUILDINGS.

13 2. "LOAN FUND" MEANS THE ARIZONA ENERGY AND WATER SAVINGS LOAN FUND
14 THAT IS ESTABLISHED BY THIS ARTICLE.

15 3. "LOAN PROGRAM" MEANS THE ARIZONA STATE FACILITY ENERGY AND WATER
16 SAVINGS PROGRAM THAT IS ESTABLISHED BY THIS ARTICLE IN ORDER TO FUND ELIGIBLE
17 PROJECTS IN STATE FACILITIES.

18 4. "STATE FACILITY" MEANS A FACILITY THAT IS OWNED OR LEASED BY THIS
19 STATE, A STATE-FUNDED UNIVERSITY OR COMMUNITY COLLEGE OR A STATE-FUNDED
20 SCHOOL DISTRICT.

21 5. "TECHNICAL ASSISTANCE" MEANS ASSISTING OWNERS OR OPERATORS OF STATE
22 FACILITIES BY CONDUCTING OR ASSISTING WITH ENERGY OR WATER AUDITS, ASSISTING
23 WITH PREPARATION OF LOAN APPLICATIONS, ASSISTING WITH PROJECT IMPLEMENTATION,
24 ASSISTING WITH THE COMMISSIONING OF BUILDING ENERGY MANAGEMENT AND CONTROL
25 SYSTEMS AND OTHER ACTIVITIES THAT AID IN THE DESIGN, FINANCING AND
26 IMPLEMENTATION OF ELIGIBLE PROJECTS.

27 34-432. Arizona energy and water savings loan fund

28 A. THE ARIZONA ENERGY AND WATER SAVINGS LOAN FUND IS ESTABLISHED
29 CONSISTING OF APPROPRIATIONS, LOAN REPAYMENTS AND INTEREST AND OTHER INCOME
30 RECEIVED ON UNOBLIGATED MONIES IN THE FUND. MONIES IN THE LOAN FUND ARE
31 CONTINUOUSLY APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS OF SECTION
32 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

33 B. THE DEPARTMENT OF COMMERCE ENERGY OFFICE SHALL ADMINISTER AND
34 MANAGE THE LOAN FUND. THE DEPARTMENT OF COMMERCE ENERGY OFFICE MAY SPEND
35 MONIES FROM THE LOAN FUND FOR THE FOLLOWING PURPOSES:

36 1. AWARDING LOANS UNDER THE LOAN PROGRAM.

37 2. PROVIDING TECHNICAL ASSISTANCE UNDER THE LOAN PROGRAM.

38 3. ADMINISTERING THE LOAN FUND AND LOAN PROGRAM, WHICH INCLUDES
39 REVIEWING LOAN APPLICATIONS, PRIORITIZING ELIGIBLE PROJECTS, ISSUING LOANS,
40 CONDUCTING PROJECT INSPECTIONS, RECEIVING AND MONITORING LOAN REPAYMENTS,
41 PUBLICIZING LOAN AND TECHNICAL ASSISTANCE PROGRAMS AND OTHER ACTIVITIES
42 NECESSARY FOR THE EFFECTIVE ADMINISTRATION OF THE LOAN FUND AND LOAN PROGRAM.

43 C. THE DEPARTMENT OF COMMERCE ENERGY OFFICE MAY SPEND UP TO TWO
44 HUNDRED FIFTY THOUSAND DOLLARS ANNUALLY FOR THE PURPOSES PRESCRIBED IN
45 SUBSECTION B. THE DEPARTMENT OF COMMERCE ENERGY OFFICE SHALL USE THE OTHER

1 MONIES REMAINING IN THE LOAN FUND TO PROVIDE LOANS TO STATE FACILITIES FOR
2 ELIGIBLE PROJECTS THROUGH THE LOAN PROGRAM.

3 34-433. Loan program; terms; criteria; loan term; repayment

4 A. IN CONSULTATION WITH THE STATE DEPARTMENT OF ADMINISTRATION AND THE
5 SCHOOL FACILITIES BOARD, THE DEPARTMENT OF COMMERCE ENERGY OFFICE SHALL
6 DETERMINE THE TERMS UNDER WHICH LOANS WILL BE MADE AND SHALL PRESCRIBE THE
7 INTEREST RATE FOR LOANS.

8 B. THE DEPARTMENT OF COMMERCE ENERGY OFFICE SHALL PROVIDE LOANS ON A
9 COMPETITIVE BASIS BASED ON THE MERITS OF PROPOSED PROJECTS AND CRITERIA THAT
10 INCLUDE:

11 1. THE ENERGY AND WATER SAVINGS THAT ARE ATTRIBUTABLE TO AN ELIGIBLE
12 PROJECT.

13 2. THE ANNUAL ENERGY AND WATER COST SAVINGS THAT ARE ATTRIBUTABLE TO
14 AN ELIGIBLE PROJECT.

15 3. THE FINANCIAL NEED OF THE STATE FACILITY OWNER OR OPERATOR.

16 4. THE ENVIRONMENTAL AND OTHER BENEFITS TO THIS STATE AND THE LOCAL
17 COMMUNITY THAT ARE ATTRIBUTABLE TO AN ELIGIBLE PROJECT.

18 5. THE PROJECTED ENERGY AND WATER COST PAYBACK OF AN ELIGIBLE PROJECT.

19 6. OTHER FACTORS AS DETERMINED BY THE DEPARTMENT OF COMMERCE ENERGY
20 OFFICE.

21 C. THE DEPARTMENT OF COMMERCE ENERGY OFFICE SHALL PRESCRIBE THE LOAN
22 TERM FOR EACH LOAN MADE UNDER THIS SECTION. THE LOAN TERM SHALL BE AT LEAST
23 TWO YEARS BUT NOT MORE THAN TWENTY-FIVE YEARS OR THE EXPECTED LIFE OF THE
24 INSTALLED PROJECT, WHICHEVER IS SHORTER. THE DEPARTMENT OF COMMERCE ENERGY
25 OFFICE SHALL PRESCRIBE THE LOAN TERM SO THAT SCHEDULED LOAN REPAYMENTS IN A
26 YEAR SHALL NOT BE GREATER THAN THE EXPECTED ENERGY, WATER AND OTHER COST
27 SAVINGS ATTRIBUTABLE TO THE ELIGIBLE PROJECT DURING THAT YEAR.

28 D. THE DEPARTMENT OF COMMERCE ENERGY OFFICE SHALL PROVIDE LOANS FOR
29 ELIGIBLE PROJECTS INCLUDING:

30 1. RETROFITS OR IMPROVEMENTS TO AN EXISTING STATE FACILITY.

31 2. ENERGY OR WATER EFFICIENCY UPGRADES IN NEW STATE BUILDINGS IF THE
32 LOAN PAYS ALL OR A PORTION OF THE INCREMENTAL COST TO IMPROVE THE EFFICIENCY
33 OF THE BUILDING ABOVE STANDARD PRACTICE AND IS LIMITED TO THREE PER CENT OF
34 THE TOTAL BUILDING COST.

35 E. AN OWNER OR OPERATOR OF A STATE FACILITY THAT RECEIVES A LOAN UNDER
36 THIS SECTION SHALL REPAY THE PRINCIPAL AND INTEREST ON THE LOAN FROM THE
37 AGENCY'S GENERAL BUDGET OR FROM ITS UTILITIES BUDGET.

38 F. THE OWNER OR OPERATOR OF A STATE FACILITY MAY RETAIN UP TO TWENTY
39 PER CENT OF THE ANNUAL ENERGY AND WATER COST SAVINGS FOR UP TO FIVE FISCAL
40 YEARS OR THE TERM OF THE LOAN, WHICHEVER IS SHORTER, IF THE BALANCE OF THE
41 ANNUAL ENERGY AND WATER COST SAVINGS ARE SUFFICIENT TO REPAY THE LOAN.

42 G. THE DEPARTMENT OF COMMERCE ENERGY OFFICE SHALL MAKE MONIES FROM
43 REPAYMENT OF LOANS THAT ARE DEPOSITED IN THE LOAN FUND AVAILABLE FOR
44 ADDITIONAL ELIGIBLE PROJECTS IN STATE FACILITIES.

1 H. ANY INTEREST OR OTHER INCOME RECEIVED BY THE DEPARTMENT OF COMMERCE
2 ENERGY OFFICE ON UNOBLIGATED MONIES IN THE LOAN FUND REMAIN IN THE LOAN FUND.

3 34-434. Technical assistance

4 A. THE DEPARTMENT OF COMMERCE ENERGY OFFICE MAY CONTRACT WITH A
5 QUALIFIED PRIVATE FIRM TO PERFORM TECHNICAL ASSISTANCE.

6 B. THE DEPARTMENT OF COMMERCE ENERGY OFFICE SHALL ISSUE GUIDELINES FOR
7 ENERGY OR WATER AUDITS AND ENSURE THAT ENERGY AUDITS USED TO IDENTIFY
8 ELIGIBLE PROJECTS ARE OF ACCEPTABLE QUALITY.

9 34-435. Records and reporting

10 A. THE DEPARTMENT OF COMMERCE ENERGY OFFICE SHALL ESTABLISH AND
11 MAINTAIN RECORDS OF LOANS FROM, AND REPAYMENTS TO, THE LOAN FUND.

12 B. THE DEPARTMENT OF COMMERCE ENERGY OFFICE SHALL SUBMIT A REPORT TO
13 THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF
14 REPRESENTATIVES ON OR BEFORE OCTOBER 1 OF EACH YEAR THAT SHOWS ACTIVE LOANS
15 MADE FROM THE LOAN FUND, THE STATUS OF LOAN REPAYMENTS, ENERGY AND WATER
16 SAVINGS, COST SAVINGS, AND OTHER BENEFITS RESULTING FROM ELIGIBLE PROJECTS
17 IMPLEMENTED BY LOAN RECIPIENTS. THE DEPARTMENT OF COMMERCE ENERGY OFFICE
18 SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE AND THE
19 DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS.

20 34-436. Program termination

21 THE PROGRAM ESTABLISHED BY THIS ARTICLE ENDS ON JULY 1, 2017 PURSUANT
22 TO SECTION 41-3102.

23 Sec. 2. Appropriation; Arizona energy and water savings loan
24 fund; exemption

25 A. The sum of \$25,000,000 is appropriated from the state general fund
26 in fiscal year 2007-2008 to the Arizona energy and water savings loan fund
27 established by section 34-432, Arizona Revised Statutes, as added by this
28 act, for the purposes prescribed in this act.

29 B. The appropriation made in subsection A of this section is exempt
30 from the provisions of section 35-190, Arizona Revised Statutes, relating to
31 lapsing of appropriations.