

HSB 667

COMMERCE AND REGULATION

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Succeeded By

HOUSE FILE

HF 2562

BY (PROPOSED COMMITTEE ON

COMMERCE AND REGULATION

BILL BY CHAIRPERSON HANSEN)

Passed House, Date _____

Passed Senate, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to energy, by providing tax incentives for
2 alternate energy projects, providing for approval of utility
3 power purchase contracts and authorizing related expenditures,
4 changing the voltage threshold for electric line franchises,
5 reassigning responsibilities of the energy bureau of the
6 department of natural resources, and including effective and
7 retroactive applicability dates.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 7E.5, subsection 1, paragraph r, Code
2 2001, is amended to read as follows:

3 r. The department of natural resources, created in section
4 455A.2, which has primary responsibility for state parks and
5 forests, protecting the environment, and managing energy,
6 fish, wildlife, and land and water resources.

7 Sec. 2. Section 28D.3, subsection 4, Code 2001, is amended
8 to read as follows:

9 4. Persons employed by the ~~energy-and~~ geological resources
10 division of the department of natural resources under this
11 chapter are not subject to the twenty-four-month time
12 limitation specified in subsection 2.

13 Sec. 3. Section 72.5, subsection 2, Code 2001, is amended
14 to read as follows:

15 2. In connection with development of a statewide building
16 energy efficiency rating system, pursuant to section 473.40,
17 ~~the director-of-the-department-of-natural-resources~~ state
18 building code administrator, in consultation with the
19 department of management, ~~state-building-code-director~~, and
20 the state fire marshal, shall develop standards and methods to
21 evaluate design development documents and construction
22 documents based upon the energy efficiency rating system for
23 public buildings, and other life cycle cost factors, to
24 facilitate fair and uniform comparisons between design
25 proposals and informed decision making by public bodies.

26 Sec. 4. Section 103A.8, subsection 7, Code 2001, is
27 amended to read as follows:

28 7. Limit the application of thermal efficiency standards
29 for energy conservation to new construction which will
30 incorporate a heating or cooling system. Air exchange fans
31 designed to provide ventilation shall not be considered a
32 cooling system. The commissioner shall exempt any new
33 construction from thermal efficiency standards for energy
34 conservation if the commissioner determines that the standards
35 are unreasonable as they apply to a particular building or

1 class of buildings including farm buildings for livestock use.
 2 Lighting efficiency standards shall recognize variations in
 3 lighting intensities required for the various tasks performed
 4 within the building. ~~The commissioner shall consult with the~~
 5 ~~energy and geological resources division of the department of~~
 6 ~~natural resources regarding standards for energy conservation~~
 7 ~~prior to the adoption of the standards.~~ However, the
 8 standards shall be consistent with section 103A.8A.

9 Sec. 5. Section 103A.8A, Code 2001, is amended to read as
 10 follows:

11 103A.8A MINIMUM ENERGY EFFICIENCY STANDARD.

12 The state building code commissioner shall adopt as a part
 13 of the state building code a requirement that new single-
 14 family or two-family residential construction shall meet an
 15 established minimum energy efficiency standard. The standard
 16 shall be stated in terms of the home heating index developed
 17 by the physics department at Iowa state university of science
 18 and technology. The minimum standard shall be the average
 19 energy consumption of new single-family or two-family
 20 residential construction ~~as determined by a survey conducted~~
 21 ~~by the energy and geological resources division of the~~
 22 ~~department of natural resources of the average actual energy~~
 23 ~~consumption,~~ as expressed in terms of the home heating index.
 24 The minimum standard shall only apply to single-family or two-
 25 family residential construction commenced after the adoption
 26 of the standard.

27 Sec. 6. Section 161B.1, subsection 2, paragraph a, Code
 28 2001, is amended to read as follows:

29 a. The ~~energy and~~ geological resources division of the
 30 department of natural resources.

31 Sec. 7. Section 266.39C, subsection 2, paragraph f, Code
 32 2001, is amended by striking the paragraph.

33 Sec. 8. Section 455A.4, subsection 1, paragraph b, Code
 34 2001, is amended to read to read as follows:

35 b. Provide overall supervision, direction, and

1 coordination of functions to be administered by the
2 administrators under chapters 321G, 455B, 455C, 456A, 456B,
3 457A, 458A, 460A, 461A, 462A, 462B, 464A, 465C, 473, 481A,
4 481B, 483A, 484A, and 484B.

5 Sec. 9. Section 455A.6, subsection 6, paragraph b, Code
6 2001, is amended to read as follows:

7 b. Hear appeals in contested cases pursuant to chapter 17A
8 on matters relating to actions taken by the director under
9 chapter 455C, 458A, or 464B ~~or 473~~.

10 Sec. 10. 455A.6, subsection 6, paragraph d, Code 2001, is
11 amended to read as follows:

12 d. Approve the budget request prepared by the director for
13 the programs authorized by chapters 455B, 455C, 455E, and
14 455F. The commission shall approve the budget request
15 prepared by the director for programs administered by the
16 ~~energy-and~~ geological resources division, the administrative
17 services division, and the office of the director, as provided
18 in section 455A.7. The commission may increase, decrease, or
19 strike any item within the department budget request for the
20 specified programs before granting approval.

21 Sec. 11. Section 455A.7, subsection 1, paragraph d, Code
22 Supplement 2001, is amended to read as follows:

23 d. ~~Energy-and-geological~~ Geological resources division
24 which is responsible for programs relating to ~~energy,~~
25 geological survey~~,~~ and oil and gas production.

26 Sec. 12. Section 473.1, Code 2001, is amended to read as
27 follows:

28 473.1 DEFINITIONS.

29 As used in this chapter, unless the context otherwise
30 requires:

31 1. ~~"Commission"-means-the-environmental-protection~~
32 ~~commission-of-the-department;~~ "Board" or "utilities board"
33 means the utilities board within the utilities division of the
34 department of commerce.

35 2. ~~"Department"-means-the-department-of-natural-resources~~

1 ~~created under section 455A.2.~~

2 ~~3. -- "Director" means the director of the department or a~~
3 ~~designee.~~

4 ~~4. 2. "Energy" or "energy sources" means gasoline, fuel~~
5 ~~oil, natural gas, propane, coal, special fuels and~~
6 ~~electricity.~~

7 ~~5. 3. "Supplier" means any person engaged in the business~~
8 ~~of selling, importing, storing or generating energy sources in~~
9 ~~Iowa.~~

10 Sec. 13. Section 473.7, Code 2001, is amended to read as
11 follows:

12 473.7 DUTIES OF THE DEPARTMENT BOARD.

13 The department board shall:

14 1. Deliver to the general assembly ~~by January 15, 1990~~
15 every five years beginning in 2005, a plan for the
16 development, management, and efficient utilization of all
17 energy resources in the state. The plan shall evaluate
18 existing energy utilization with regard to energy efficiency
19 and shall evaluate the future energy needs of the state. The
20 plan shall include but is not limited to the following
21 elements:

22 a. The historical use and distribution of energy in Iowa.

23 b. The growth rate of energy consumption in Iowa.

24 c. A projection of Iowa's energy needs at a minimum of ten
25 years into the future.

26 d. The impact of meeting Iowa's energy needs on the
27 economy of the state.

28 e. The impact of meeting Iowa's energy needs on the
29 environment of the state.

30 f. An evaluation of alternative sources and uses of
31 energy.

32 g. Legislative recommendations that may be necessary as a
33 basis for a state policy for the development and efficient
34 utilization of energy resources.

35 h. An evaluation of the ability of existing laws and

1 regulations surrounding the utilization of energy resources.

2 The department board shall develop the plan with the
3 assistance of, and in consultation with, representatives of
4 the energy industry, economic interests, the public, and other
5 interested parties. The department board shall submit a
6 ~~report-to-the-general-assembly-concerning-the-status-and~~
7 ~~implementation-of-the-plan-on-a-biennial-basis.--The-biennial~~
8 an annual update that shall contain an evaluation of all state
9 energy programs including expected versus actual benefits and
10 forecasts of future energy demand in Iowa.

11 ~~2.--Identify-a-state-facility-in-the-state-to-be-used-as-a~~
12 ~~marketing-tool-to-promote-energy-conservation-by-providing-a~~
13 ~~showcase-for-the-department-to-demonstrate-energy-efficiency.~~

14 ~~3. 2.~~ The department shall exchange Exchange information
15 with other states on energy and especially on the allocation
16 of fuel and shall request all information necessary to
17 determine the reasonableness of any reduction of Iowa's fuel
18 allocation.

19 ~~4. 3.~~ Establish a central depository within the state for
20 energy data. The central depository shall be located at or
21 accessible through a library which that is a member of an
22 interlibrary loan program to facilitate access to the data and
23 information contained in the central depository. The
24 department board shall collect data necessary to forecast
25 future energy demands in the state. The department board may
26 require a supplier to provide information pertaining to the
27 supply, storage, distribution and sale of energy sources in
28 this state. The information shall be furnished on a periodic
29 basis, shall be of a nature which that directly relates to the
30 supply, storage, distribution and sale of energy sources, and
31 shall not include any records, documents, books or other data
32 which that relate to the financial position of the supplier.
33 ~~Provided-the-department~~ The board, prior to requiring any
34 supplier to furnish it with such information, shall make every
35 reasonable effort to determine if the same information is

1 available from any other governmental source. If it finds
 2 such information is available, the department board shall not
 3 require submission of the same information from a supplier.
 4 Notwithstanding the provisions of chapter 22, information and
 5 reports obtained under this section shall be confidential
 6 except when used for statistical purposes without identifying
 7 a specific supplier and when release of the information will
 8 not give an advantage to competitors and serves a public
 9 purpose. The department board shall use this data to conduct
 10 energy forecasts ~~which shall be included in the biennial~~
 11 update as required by this section.

12 The department board may subpoena witnesses, administer
 13 oaths and require the production of records, books, and
 14 documents for examination in order to obtain information
 15 required to be submitted under this section. In case of
 16 failure or refusal on the part of any person to comply with a
 17 subpoena issued by the department board, or in case of the
 18 refusal of any witness to testify as to any matter regarding
 19 which the witness may be interrogated under this chapter, the
 20 district court, upon the application of the department board,
 21 may order the person to show cause why the person should not
 22 be held in contempt for failure to testify or comply with a
 23 subpoena, and may order the person to produce the records,
 24 books, and documents for examination, and to give testimony.
 25 The courts may punish for contempt as in the case of
 26 disobedience to a like subpoena issued by the court, or for
 27 refusal to testify.

28 5- 4. Develop, recommend, and implement with appropriate
 29 agencies public and professional education and communication
 30 programs in energy efficiency, energy conservation, and
 31 conversion to alternative sources of energy.

32 6- 5. When necessary to carry out its duties under this
 33 chapter, enter into contracts with state agencies and other
 34 qualified contractors.

35 7- 6. Receive and accept grants made available for

1 programs relating to duties of the department board under this
2 chapter.

3 ~~8-~~ 7. Promulgate Adopt rules necessary to carry out the
4 provisions of this chapter, subject to review in accordance
5 with chapter 17A. Rules promulgated by the governor pursuant
6 to a proclamation issued under the provisions of section 473.8
7 shall not be subject to review or a public hearing as required
8 in chapter 17A; however, agency rules for implementation of
9 the governor's proclamation are subject to the requirements of
10 chapter 17A.

11 ~~9-~~ 8. Examine and determine whether additional state
12 regulatory authority is necessary to protect the public
13 interest and to promote the effective development, utilization
14 and conservation of energy resources. If the department board
15 finds that additional regulatory authority is necessary, the
16 department board shall submit recommendations to the general
17 assembly concerning the nature and extent of such regulatory
18 authority and which state agency should be assigned such
19 regulatory responsibilities.

20 ~~10-~~ 9. Develop and assist in the implementation of public
21 education and communications programs in energy development,
22 use and conservation, in co-operation with the department of
23 education, the state university extension services and other
24 public or private agencies and organizations as deemed
25 appropriate by the department board.

26 ~~11-~~ 10. Develop a program to annually give public
27 recognition to innovative methods of energy conservation.

28 ~~12-~~ 11. Administer and coordinate federal funds for energy
29 conservation programs including, but not limited to, the
30 institutional conservation program, state energy conservation
31 program, and energy extension service program, and related
32 programs which provide energy management and conservation
33 assistance to schools, hospitals, health-care facilities,
34 communities, and the general public.

35 ~~13-~~ 12. Administer and coordinate the state building

1 energy management program including projects funded through
2 private financing.

3 ~~14.--Perform-monthly-fuel-surveys-which-establish-a
4 statistical-average-of-motor-fuel-prices-for-various-motor
5 fuels-provided-throughout-the-state.--Additionally,-the
6 department-shall-perform-monthly-fuel-surveys-in-cities-with
7 populations-of-over-fifty-thousand-which-establish-a
8 statistical-average-of-motor-fuel-prices-for-various-motor
9 fuels-provided-in-those-individual-cities.--The-survey-results
10 shall-be-publicized-in-a-monthly-press-release-issued-by-the
11 department.~~

12 ~~15.--Conduct-a-study-on-activities-related-to-energy
13 production-and-use-which-contribute-to-global-climate-change
14 and-the-depletion-of-the-stratospheric-ozone-layer.--The-study
15 shall-identify-the-types-and-relative-contributions-of-these
16 activities-in-Iowa.--The-department-shall-develop-a-strategy
17 to-reduce-emissions-from-activities-identified-as-having-an
18 adverse-impact-on-the-global-climate-and-the-stratospheric
19 ozone-layer.--The-department-shall-submit-a-report-containing
20 its-findings-and-recommendations-to-the-governor-and-general
21 assembly-by-January-17-1992.~~

22 Sec. 14. NEW SECTION. 473.7A DUTIES OF DEPARTMENT OF
23 AGRICULTURE AND LAND STEWARDSHIP.

24 The department of agriculture and land stewardship shall
25 perform monthly fuel surveys that establish a statistical
26 average of motor fuel prices for various motor fuels provided
27 throughout the state. Additionally, the department shall
28 perform monthly fuel surveys in cities with populations of
29 over fifty thousand which establish a statistical average of
30 motor fuel prices for various motor fuels provided in those
31 individual cities. The survey results shall be publicized in
32 a monthly press release issued by the department. The
33 department shall exchange information with other states and
34 especially on the allocation of fuel and shall request all
35 information necessary to determine the reasonableness of any

1 reduction of Iowa's fuel allocation.

2 Sec. 15. Section 473.8, unnumbered paragraph 1, Code
3 Supplement 2001, is amended to read as follows:

4 If the department emergency management division of the
5 department of public defense, by resolution, determines the
6 health, safety, or welfare of the people of this state is
7 threatened by an actual or impending acute shortage of usable
8 energy, it shall transmit the resolution to the governor
9 together with its recommendation on the declaration of an
10 emergency by the governor and recommended actions, if any, to
11 be undertaken. Within thirty days of the date of the
12 resolution, the governor may issue a proclamation of emergency
13 which shall be filed with the secretary of state. The
14 proclamation shall state the facts relied upon and the reasons
15 for the proclamation.

16 Sec. 16. Section 473.10, Code 2001, is amended to read as
17 follows:

18 473.10 RESERVE REQUIRED.

19 1. If the department emergency management division of the
20 department of public defense or the governor finds that an
21 impending or actual shortage or distribution imbalance of
22 liquid fossil fuels may cause hardship or pose a threat to the
23 health and economic well-being of the people of the state or a
24 significant segment of the state's population, the department
25 division or the governor may authorize the director
26 administrator of the emergency management division to operate
27 a liquid fossil fuel set-aside program as provided in
28 subsection 2.

29 2. Upon authorization by the department emergency
30 management division of the department of public defense or the
31 governor, the director administrator of the emergency
32 management division may require a prime supplier to reserve a
33 specified fraction of the prime supplier's projected total
34 monthly release of liquid fossil fuel in Iowa. The director
35 administrator may release any or all of the fuel required to

1 be reserved by a prime supplier to end-users or to
2 distributors for release through normal retail distribution
3 channels to retail customers. However, the specified fraction
4 required to be reserved shall not exceed three percent for
5 propane, aviation fuel and residual oil, and five percent for
6 motor gasoline, heating oil, and diesel oil.

7 3. The department emergency management division of the
8 department of public defense shall periodically review and may
9 terminate the operation of a set-aside program authorized by
10 the department division under subsection 1 when the department
11 division finds that the conditions that prompted the
12 authorization no longer exist. The governor shall
13 periodically review and may terminate the operation of a set-
14 aside program authorized by the governor under subsection 1
15 when the governor finds that the conditions that prompted the
16 authorization no longer exist.

17 4. The director administrator of the emergency management
18 division shall adopt rules to implement administer this
19 section.

20 Sec. 17. Section 473.11, subsection 1, paragraph f, Code
21 2001, is amended to read as follows:

22 f. The moneys deposited under section 473.16 in the
23 general fund of the state shall be used for research and
24 development of selected projects to improve Iowa's energy
25 independence by developing improved methods of energy
26 efficiency, or by increased development and use of Iowa's
27 renewable nonresource-depleting energy resources. The moneys
28 credited to the general fund of the state under section
29 556.18, subsection 3, shall be used for energy conservation
30 and alternative energy resource projects. The projects shall
31 be selected ~~by-the-director~~ and administered by the department
32 board. Selection criteria for funded projects shall include
33 consideration of indirect restitution to those persons in the
34 state in the utility customer classes and the utility service
35 territories affected by unclaimed utility refunds or deposits.

1 Moneys deposited into the general fund of the state under
2 sections 473.16, 476.51, and 556.18, subsection 3, are subject
3 to the requirements of section 8.60.

4 Sec. 18. Section 473.11, subsection 3, unnumbered
5 paragraph 1, Code 2001, is amended to read as follows:

6 An energy fund disbursement council is established. The
7 council shall be composed of the governor or the governor's
8 designee, the director of the department of management, who
9 shall serve as the council's chairperson, the administrator of
10 the division of community action agencies of the department of
11 human rights, ~~the administrator of the energy and geological~~
12 ~~resources division of the department of natural resources~~ the
13 chairperson of the utilities board, and a designee of the
14 director of transportation, who is knowledgeable in the field
15 of energy conservation. The council shall include as
16 nonvoting members two members of the senate appointed by the
17 president of the senate, after consultation with the majority
18 leader and the minority leader of the senate, and two members
19 of the house of representatives appointed by the speaker of
20 the house, after consultation with the majority leader and the
21 minority leader of the house. The legislative members shall
22 be appointed upon the convening and for the period of each
23 general assembly. Not more than one member from each house
24 shall be of the same political party. The council shall be
25 staffed by the ~~energy and geological resources division of the~~
26 ~~department of natural resources~~ board. The attorney general
27 shall provide legal assistance to the council.

28 Sec. 19. Section 473.11, subsection 3, paragraph c, Code
29 2001, is amended to read as follows:

30 c. Work with the ~~energy and geological resources division~~
31 board in adopting administrative rules necessary to administer
32 expenditures from the trust, encourage applications for grants
33 and loans, review and select proposals for the funding of
34 competitive grants and loans from the energy conservation
35 trust, and evaluate their comparative effectiveness.

1 Sec. 20. Section 473.11, subsection 3, paragraph f, Code
2 2001, is amended to read as follows:

3 f. Prepare, in conjunction with the ~~energy-and-geological~~
4 ~~resources-division~~ board, an annual report to the governor and
5 the general assembly regarding earnings of and expenditures
6 from the energy conservation trust.

7 Sec. 21. Section 473.11, subsections 4 and 7, Code 2001,
8 are amended to read as follows:

9 4. The ~~administrator-of-the-energy-and-geological~~
10 ~~resources-division-of-the-department-of-natural-resources~~
11 board shall be the administrator of the energy conservation
12 trust. The administrator shall disburse moneys appropriated
13 by the general assembly from the funds in the trust in
14 accordance with the federal court orders, law and regulation,
15 or settlement conditions applying to the moneys in that fund,
16 and subject to the approval of the energy fund disbursement
17 council if such approval is required. The council, after
18 consultation with the attorney general, shall immediately
19 approve the disbursement of moneys from the funds in the trust
20 for projects which meet the federal court orders, law and
21 regulations, or settlement conditions which apply to that
22 fund.

23 7. On June 30, 2003, the energy fund disbursement council
24 established in subsection 3 shall be dissolved. At that time,
25 the ~~department-of-natural-resources~~ board shall be responsible
26 for the disbursement of any funds either received or remaining
27 in the energy conservation trust. These disbursements shall
28 be for projects and programs consistent with the allowable
29 uses for the energy conservation trust. Also, at that time,
30 and annually thereafter, the state department of
31 transportation shall report to the ~~department-of-natural~~
32 ~~resources~~ board on the status of the intermodal revolving loan
33 fund established in the state department of transportation.

34 In the fiscal year beginning July 1, 2019, the ~~department-of~~
35 ~~natural-resources~~ board shall assume responsibility for funds

1 remaining in the intermodal revolving loan fund and disburse
2 them for energy conservation projects and programs consistent
3 with the allowable uses for the energy conservation trust.

4 Sec. 22. Section 473.12, Code 2001, is amended to read as
5 follows:

6 473.12 IMPLEMENTATION OF ENERGY CONSERVATION MEASURES --
7 STATE BOARD OF REGENTS.

8 1. The state board of regents shall cause to be performed
9 comprehensive engineering analyses of facilities under the
10 control of the state board of regents and shall implement the
11 energy conservation measures identified in the analyses which
12 that are economically feasible and practical and which that do
13 not require more than an aggregate period of six years for the
14 recoupment of the cost of construction of the improvements
15 used to secure the implementation of the energy conservation
16 measure. ~~The-comprehensive-engineering-analyses-shall-be~~
17 ~~completed-no-later-than-June-30,-1989.~~

18 2. ~~The-department-may,-pursuant~~ Pursuant to section 7D.34,
19 ~~reduce~~ the cost of financing for implementation of the energy
20 conservation measures identified, may be reduced through funds
21 deposited in the state of Iowa facilities improvement
22 corporation ~~established-by-the-department~~. In order for the
23 state board of regents to receive financing under section
24 7D.34, ~~the-department-shall-require-completion-of~~ the state
25 board of regents shall complete an energy management plan,
26 including an energy audit and a comprehensive engineering
27 analysis.

28 3. The state board of regents shall annually report on
29 October 1 to the ~~department~~ utilities board the status of all
30 energy conservation measures identified in ~~their~~ the
31 comprehensive engineering analysis, whether or not the
32 measures have been acquired or implemented, and the results of
33 energy usage analyses of the ~~board's~~ state board of regents'
34 facilities.

35 Sec. 23. Section 473.13, Code 2001, is amended to read as

1 follows:

2 473.13 IMPLEMENTATION OF ENERGY CONSERVATION MEASURES --
3 STATE DEPARTMENT OF TRANSPORTATION.

4 1. The state department of transportation utilizing the
5 services of the state of Iowa facilities improvement
6 corporation shall cause to be performed comprehensive
7 engineering analyses of facilities under the control of the
8 state department of transportation and shall implement the
9 energy conservation measures identified in the analyses which
10 that do not require more than an aggregate period of six years
11 for the recoument of the cost of construction of the
12 improvements used to secure the implementation of the energy
13 conservation measures. ~~The-comprehensive-engineering-analyses~~
14 ~~shall-be-completed-no-later-than-December-31-1988-~~

15 2. ~~The-department-may,~~ pursuant Pursuant to section 7D.34,
16 ~~reduce~~ the cost of financing for implementation of the energy
17 conservation measures identified, may be reduced through funds
18 deposited in the state of Iowa facilities improvement
19 corporation ~~established-by-the-department~~. In order for the
20 state department of transportation to receive financing, the
21 ~~department-shall-require-completion-of~~ the state department of
22 transportation shall complete an energy management plan,
23 including an energy audit and a comprehensive engineering
24 analysis.

25 Sec. 24. Section 473.13A, Code 2001, is amended to read as
26 follows:

27 473.13A ENERGY CONSERVATION MEASURES IDENTIFIED AND
28 IMPLEMENTED.

29 1. The state, state agencies, political subdivisions of
30 the state, school districts, area education agencies, and
31 community colleges shall identify and implement, through
32 energy audits and engineering analyses, all energy
33 conservation measures identified for which financing is made
34 ~~available-by-the-department~~ to the entity. The energy
35 conservation measure financings shall be supported through

1 payments from energy savings.

2 ~~2. The department shall not require a~~ A school district,
3 community college, area education agency, city, or county
4 shall not be required to perform an engineering analysis if
5 the school district, community college, area education agency,
6 city, or county demonstrates ~~to the department~~ that the
7 facility which is the subject of the proposed engineering
8 analysis at issue is unlikely to be in use or operation in six
9 years by the governmental entity currently using or occupying
10 the facility.

11 Sec. 25. Section 473.19, unnumbered paragraph 1, Code
12 2001, is amended to read as follows:

13 The energy bank program is established by the department
14 board. The energy bank program consists of the following
15 forms of assistance for the state, state agencies, political
16 subdivisions of the state, school districts, area education
17 agencies, community colleges, and nonprofit organizations:

18 Sec. 26. Section 473.20, Code Supplement 2001, is amended
19 to read as follows:

20 473.20 ENERGY LOAN FUND.

21 An energy loan fund is established in the office of the
22 treasurer of state to be administered by the department board.

23 1. The department board may make loans to the state, state
24 agencies, political subdivisions of the state, school
25 districts, area education agencies, community colleges, and
26 nonprofit organizations for implementation of energy
27 conservation measures identified in a comprehensive
28 engineering analysis. Loans shall be made for all cost-
29 effective energy management improvements. For the state,
30 state agencies, political subdivisions of the state, school
31 districts, area education agencies, community colleges, and
32 nonprofit organizations to receive a loan from the fund, the
33 department board shall require completion of an energy
34 management plan including an energy audit and a comprehensive
35 engineering analysis. The department board shall approve

1 loans made under this section.

2 2. Cities and counties shall repay the loans from moneys
3 in their debt service funds. Area education agencies shall
4 repay the loans from any moneys available to them.

5 School districts and community colleges may enter into
6 financing arrangements with the department board or its duly
7 authorized agents or representatives obligating the school
8 district or community college to make payments on the loans
9 beyond the current budget year of the school district or
10 community college. Chapter 75 shall not be applicable.

11 School districts shall repay the loans from moneys in either
12 their general fund or debt service fund. Community colleges
13 shall repay the loans from their general fund. Other entities
14 receiving loans under this section shall repay the loans from
15 any moneys available to them.

16 3. The department board may accept gifts, federal funds,
17 state appropriations, and other moneys for deposit in the
18 energy loan fund or may fund the energy loan fund in
19 accordance with section 473.20A.

20 4. For the purpose of this section, "loans" means loans,
21 leases, or alternative financing arrangements.

22 5. The state, state agencies, political subdivisions of
23 the state, school districts, area education agencies, and
24 community colleges shall design and construct the most energy
25 cost-effective facilities feasible and shall use the financing
26 made available by the department board to cover the
27 incremental costs above minimum building code energy
28 efficiency standards of purchasing energy efficient devices
29 and materials unless other lower cost financing is available.
30 As used in this section, "facility" means a structure that is
31 heated or cooled by a mechanical or electrical system, or any
32 system of physical operation that consumes energy to carry out
33 a process.

34 6. The department board shall not require the state, state
35 agencies, political subdivisions of the state, school

1 districts, area education agencies, and community colleges to
2 implement a specific energy conservation measure identified in
3 a comprehensive engineering analysis if the entity which
4 prepared the analysis demonstrates to the department board
5 that the facility which is the subject of the energy
6 conservation measure is unlikely to be used or operated for
7 the full period of the expected payback of the energy
8 conservation measure.

9 Sec. 27. Section 473.20A, Code 2001, is amended to read as
10 follows:

11 473.20A SELF-LIQUIDATING FINANCING.

12 1. The ~~department-of-natural-resources~~ board may enter
13 into financing agreements with the state, state agencies,
14 political subdivisions of the state, school districts, area
15 education agencies, community colleges, or nonprofit
16 organizations in order to provide the financing to pay the
17 costs of furnishing energy conservation measures. The
18 provisions of section 473.20 defining eligible energy
19 conservation measures and the method of repayment of the loans
20 apply to financings under this section.

21 The financing agreement may contain provisions, including
22 interest, term, and obligations to make payments on the
23 financing agreement beyond the current budget year, as may be
24 agreed upon between the ~~department-of-natural-resources~~ board
25 and the state, state agencies, political subdivisions of the
26 state, school districts, area education agencies, community
27 colleges, or nonprofit organizations.

28 2. For the purpose of funding its obligation to furnish
29 moneys under the financing agreements, or to fund the energy
30 loan fund created in section 473.20, the treasurer of state,
31 with the assistance of the ~~department-of-natural-resources~~
32 board, or the treasurer of state's duly authorized agents or
33 representatives, may incur indebtedness or enter into master
34 lease agreements or other financing arrangements to borrow to
35 accomplish energy conservation measures, or the ~~department-of~~

1 ~~natural-resources~~ board may enter into master lease agreements
 2 or other financing arrangements to permit the state, state
 3 agencies, political subdivisions of the state, school
 4 districts, area education agencies, community colleges, or
 5 nonprofit organizations to borrow sufficient funds to
 6 accomplish the energy conservation measure. The obligations
 7 may be in such form, for such term, bearing such interest and
 8 containing such provisions as the ~~department-of-natural~~
 9 resources board, with the assistance of the treasurer of
 10 state, deems necessary or appropriate. Funds remaining after
 11 the payment of all obligations have been redeemed shall be
 12 paid into the energy loan fund.

13 3. The state, state agencies, political subdivisions of
 14 the state, school districts, area education agencies,
 15 community colleges, and nonprofit organizations may enter into
 16 financing agreements and issue obligations necessary to carry
 17 out the provisions of the chapter. Chapter 75 shall not be
 18 applicable.

19 Sec. 28. Section 473.40, Code 2001, is amended to read as
 20 follows:

21 473.40 STATEWIDE BUILDING ENERGY EFFICIENCY RATING SYSTEM.

22 1. The ~~director~~ state building code commissioner shall
 23 adopt rules, pursuant to chapter 17A, establishing a statewide
 24 building energy efficiency rating system. The rating system
 25 shall apply to all new and existing public, commercial,
 26 industrial, and residential buildings in the state. ~~and shall~~
 27 ~~be-established-subject-to-the-following-schedule:~~

28 ~~a.--Ratings-for-new-residential-buildings-by-July-17-1992-~~

29 ~~b.--Ratings-for-existing-residential-buildings-by-July-17-~~
 30 ~~1993-~~

31 ~~c.--Ratings-for-new-public-buildings-by-July-17-1994-~~

32 ~~d.--Ratings-for-existing-public-buildings-by-July-17-1995-~~

33 ~~e.--Ratings-for-new-commercial-and-industrial-buildings-by~~
 34 ~~July-17-1995-~~

35 ~~f.--Ratings-for-existing-commercial-and-industrial~~

1 ~~buildings-by-July-17-1995-~~

2 The director state building code commissioner shall adopt a
3 minimum acceptable energy efficiency standard for each class
4 of new buildings.

5 2. a. The energy efficiency rating shall be disclosed at
6 the request of the prospective purchaser according to the
7 terms of the offer to purchase.

8 b. The energy efficiency rating shall be disclosed to a
9 prospective lessee whose rent does not include energy cost
10 upon request.

11 c. The designer of a new residential or commercial
12 building shall state in writing to the department state
13 building code commissioner that to the best of the person's
14 knowledge, information, and belief, the new building design is
15 in substantial compliance with the minimum energy efficiency
16 standards established by rule of the department state building
17 code commissioner.

18 d. Concurrent with the disclosure of an energy efficiency
19 rating pursuant to paragraphs "a" through "c", the prospective
20 purchaser or lessee shall be provided with a copy of an
21 information brochure prepared by the department state building
22 code commissioner which includes information relevant to that
23 class of building, including, but not limited to:

24 (1) How to analyze the building's energy efficiency
25 rating;

26 (2) Comparisons to statewide averages for new and existing
27 construction of that class.

28 (3) Notice to the prospective purchaser that the seller
29 must disclose a building's energy efficiency rating upon the
30 prospective purchaser's request.

31 (4) Information concerning methods to improve a building's
32 energy efficiency rating.

33 (5) A notice for residential buyers that qualifying income
34 for mortgage loan purposes may be affected by the energy
35 efficiency rating.

1 e. A new residential, commercial, or industrial building
 2 shall not be hooked up or connected to any provider of
 3 electricity, whether a regulated utility, rural electric
 4 cooperative, municipal utility, or otherwise; or natural gas,
 5 except liquid petroleum, unless the builder states in writing
 6 to the utility that to the best of the builder's knowledge,
 7 information, and belief, the building was built in accordance
 8 with the construction documents.

9 f. Each public building proposed for construction,
 10 renovation, or acquisition shall be rated pursuant to the
 11 energy efficiency rating system provided in subsection 1 prior
 12 to contracting for the construction, renovation, or
 13 acquisition. The public body proposing to contract for
 14 construction, renovation, or acquisition for a public building
 15 shall consider the energy efficiency ratings of alternatives
 16 when contracting.

17 3. The energy efficiency rating system adopted by the
 18 department state building code commissioner shall provide a
 19 means of analyzing and comparing the relative energy
 20 efficiency of buildings upon sale or lease of new or existing
 21 residential, commercial, or industrial buildings. The system
 22 shall provide for rating each public building in existence to
 23 assist public officials in decision making with regard to
 24 capital improvements and public energy costs.

25 4. The director state building code commissioner shall
 26 establish a voluntary working group of persons and interest
 27 groups interested in the energy efficiency rating system or
 28 energy efficiency, including, but not limited to such persons
 29 as electrical engineers, mechanical engineers, architects, and
 30 builders. The interest group shall advise the department
 31 state building code commissioner in the development of the
 32 energy efficiency rating system and shall assist the
 33 department state building code commissioner in implementation
 34 of the rating system by coordinating education programs for
 35 designers, builders, businesses, and other interested persons

1 to assist compliance and to facilitate incorporation of the
2 rating system into existing practices. The intent of the
3 general assembly is to encourage the consideration of the
4 energy efficiency rating system in the market, so as to
5 provide market rewards for energy efficient buildings and
6 those designing, building, or selling energy efficient
7 buildings.

8 ~~5. All public buildings shall be analyzed for energy~~
9 ~~efficiency using this rating system by July 17, 1996. The~~
10 ~~results of that analysis shall be submitted to the department~~
11 ~~by August 17, 1996. The department shall submit a report to~~
12 ~~the governor and general assembly by January 15, 1997, that~~
13 ~~analyzes the results of this evaluation of public buildings~~
14 ~~and includes recommendations. The results of the analysis of~~
15 ~~each building shall be submitted to the public agency or~~
16 ~~governmental subdivision which owns or operates that building~~
17 ~~as well.~~

18 6. 5. The director state building code commissioner shall
19 make available energy efficiency practices information to be
20 used by individuals involved in the design, construction,
21 retrofitting, and maintenance of buildings for state and local
22 governments.

23 7. 6. For purposes of this section:

24 a. "Builder" means the prime contractor that hires and
25 coordinates building subcontractors or if there is no prime,
26 the contractor that completes more than fifty percent of the
27 total construction work performed on the building.
28 Construction work includes, but is not limited to, foundation,
29 framing, wiring, plumbing, and finishing work.

30 b. "Designer" means the architect, engineer, landscape
31 architect, builder, interior designer or other person who
32 performs the actual design work or under whose direct
33 supervision and responsible charge the construction documents
34 are prepared.

35 c. "Public building" means a building owned or operated by

1 the state, a state agency, or a governmental subdivision,
2 including but not limited to a city, county, or school
3 district.

4 8- 7. The director state building code commissioner may
5 report an architect, professional engineer, or landscape
6 architect to the appropriate examining board if the director
7 state building code commissioner believes the person has
8 engaged in fraudulent conduct in connection with an energy
9 efficiency rating for a building. The director state building
10 code commissioner may report a builder to the division of
11 labor, bureau of contractor registration, if the director
12 state building code commissioner believes the builder has
13 engaged in fraudulent conduct in connection with an energy
14 efficiency rating for a building.

15 Sec. 29. Section 473.42, Code 2001, is amended to read as
16 follows:

17 473.42 EXIT SIGNS -- STANDARDS.

18 The department state building code commissioner shall adopt
19 rules which that require the use of compact fluorescent bulbs
20 in exit signs at the time of replacement, ~~but no later than~~
21 ~~July 17, 2001. Prior to the adoption of rules, the department~~
22 ~~shall promote, through educational materials, the use of~~
23 ~~compact fluorescent bulbs or lighting of greater efficiency in~~
24 ~~exit signs.~~

25 Sec. 30. Section 473.44, Code 2001, is amended to read as
26 follows:

27 473.44 PLUMBING PRODUCTS EFFICIENCY STANDARDS -- PENALTY.

28 1. The department state building code commissioner shall
29 adopt rules which that prescribe water use standards for each
30 product classified as a covered product under this section.
31 The standards adopted shall be designed to achieve the maximum
32 efficiency of water use which that the department state
33 building code commissioner determines is technologically and
34 economically feasible. The department state building code
35 commissioner shall consult with ~~the state building code~~

1 commissioner, the Iowa department of public health, and the
2 plumbing manufacturers' institute, and shall review all
3 applicable provisions under chapter 103A and chapter 135 in
4 establishing the standards.

5 2. A person who knowingly violates this section is subject
6 to a civil penalty of not more than one hundred dollars for
7 each violation. Local government subdivisions which enforce
8 the standards adopted under this section may collect and
9 utilize receipts from the penalties imposed for building code
10 inspections and enforcement of this section.

11 3. For the purposes of this section, "covered products"
12 means water closets, urinals, showerheads, lavatory faucets
13 and replacement aerators, and kitchen faucets and replacement
14 aerators.

15 Sec. 31. Section 476.6, Code Supplement 2001, is amended
16 by adding the following new subsection:

17 NEW SUBSECTION. 16A. POWER PURCHASE CONTRACTS.

18 a. A rate-regulated public utility may file with the board
19 for approval any contract for the purchase of electric power
20 to serve Iowa retail electric consumers if the contract meets
21 all of the following conditions:

22 (1) The contract term is for a period of five years or
23 longer.

24 (2) The power is being purchased from an electric power
25 generating facility built after 2001.

26 b. The board shall issue its decision within ninety days
27 after the public utility's filing is deemed complete.

28 c. The board shall approve the contract if it finds, after
29 a contested case proceeding, that the terms of the contract
30 are reasonable and prudent. In determining whether the terms
31 of the contract are reasonable and prudent, the board may
32 consider, but is not limited to, the following factors:

33 (1) The reliability of the new generation in Iowa.

34 (2) The economic benefits of the new generation in Iowa.

35 (3) The environmental advantages of new or more efficient

1 generation.

2 (4) The compatibility of the new generation with the
3 energy policy of the state.

4 d. Board approval of a contract shall constitute a final
5 determination of the prudence and reasonableness of the
6 contract and its terms. The board, subsequent to approval of
7 a contract, may at anytime by order compel the parties to
8 comply with the terms of the contract.

9 e. The costs of the contract shall be included in the
10 public utility's regulated retail electric rates.

11 f. Notwithstanding contrary provisions of this subsection,
12 any new wholesale contract with any supplier of electric
13 generation to provide at least one hundred megawatts of
14 electric power to a rate-regulated public utility shall be
15 subject to a competitive bidding procedure established by the
16 board. The board shall adopt rules pursuant to chapter 17A
17 regarding the filing and approval of contracts under this
18 subsection, including rules to ensure that a fair and
19 competitive bidding process is in place and that criteria for
20 approval encourages the purchase of least cost generation.

21 g. The board may employ additional temporary staff, or may
22 contract for professional services with persons who are not
23 state employees, as the board deems necessary to review
24 contracts pursuant to this subsection. Beginning July 1,
25 2002, there is appropriated out of any funds in the state
26 treasury not otherwise appropriated, such sums as may be
27 necessary to enable the board to hire additional staff and
28 contract for services under this subsection. The costs of the
29 additional staff and services shall be assessed to the
30 utilities pursuant to the procedure in section 476.10.

31 Sec. 32. Section 476.6, subsection 19, paragraph b, Code
32 2001, is amended to read as follows:

33 b. A gas and electric utility required to be rate-
34 regulated under this chapter shall assess potential energy and
35 capacity savings available from actual and projected customer

1 usage by applying commercially available technology and
2 improved operating practices to energy-using equipment and
3 buildings. The utility shall submit the assessment to the
4 board. Upon receipt of the assessment, the board shall
5 ~~consult with the energy bureau of the division of energy and~~
6 ~~geological resources of the department of natural resources to~~
7 develop specific capacity and energy savings performance
8 standards for each utility. The utility shall submit an
9 energy efficiency plan which shall include economically
10 achievable programs designed to attain these energy and
11 capacity performance standards.

12 Sec. 33. NEW SECTION. 476.48 INCENTIVES FOR ALTERNATE
13 ENERGY INVESTMENTS.

14 1. For purposes of determining the incentives or
15 assistance provided in this section, "eligible business" means
16 a business that invests fifty million dollars or more in Iowa
17 to construct an alternative energy production facility or
18 small hydro facility, and has been approved to receive
19 incentives and assistance by the board pursuant to
20 application.

21 2. The incentives and assistance provided under this
22 section for eligible businesses shall be for a period not to
23 exceed ten years and shall include all of the following:

24 a. Sales, services, and use tax refund, as provided in
25 section 15.331A, as if the eligible business were an eligible
26 business under chapter 15, subchapter II, part 13.

27 b. Investment tax credit, as provided in section 15.333,
28 as if the eligible business were an eligible business under
29 chapter 15, subchapter II, part 13. The investment tax credit
30 can be used as a credit against income tax under chapter 422,
31 franchise tax imposed upon financial institutions pursuant to
32 section 422.60, or premium tax imposed upon insurance
33 companies pursuant to chapter 432.

34 c. Research activities credit, as provided in section
35 15.335, as if the eligible business were an eligible business

1 under chapter 15, subchapter II, part 13.

2 d. The county or city for which an eligible business is
3 certified may exempt from all property taxation all or a
4 portion of the value added to the property upon which an
5 eligible business locates or expands and which is used in the
6 operation of the eligible business. The amount of value added
7 for purposes of this paragraph shall be the amount of the
8 increase in assessed valuation of the property following the
9 location or expansion of the business. If an exemption
10 provided pursuant to this paragraph is made applicable to only
11 a portion of the property, the definition of that subset of
12 eligible property must be by uniform criteria that further
13 some planning objective established by the city or county
14 zoning commission and approved by the eligible city or county.
15 The exemption may be allowed for a period not to exceed ten
16 years beginning the year the eligible business enters into an
17 agreement with the county or city to locate or expand
18 operations.

19 Sec. 34. NEW SECTION. 476.48A DEFINITIONS.

20 As used in this section and section 476.48B, unless the
21 context otherwise provides:

22 1. "Local governing body" means the council, board of
23 supervisors, or other legislative body charged with governing
24 the municipality or other political subdivision.

25 2. "Low or moderate income families" means those families,
26 including single person households, earning no more than
27 eighty percent of the higher of the median family income of
28 the county or the statewide nonmetropolitan area as determined
29 by the latest United States department of housing and urban
30 development, section 8 income guidelines.

31 3. "Real property" shall include all lands, including
32 improvements and fixtures thereon, and property of any nature
33 appurtenant thereto, or used in connection therewith, and
34 every estate, interest, right and use, legal or equitable,
35 therein, including terms for years and liens by way of

1 judgment, mortgage or otherwise.

2 4. "Renewable energy zone" means an area, or combination
3 of areas, which the local governing body designates as
4 appropriate for a renewable energy zone project.

5 5. "Renewable energy zone plan" means a plan for the
6 development, redevelopment, improvement, or rehabilitation of
7 a designated renewable energy zone, as it exists from time to
8 time. The plan shall meet the following requirements:

9 a. Conform to the general plan for the local governing
10 body.

11 b. Be sufficiently complete to indicate the real property
12 located in the renewable energy zone to be acquired for the
13 proposed development, redevelopment, improvement, or
14 rehabilitation, and to indicate any zoning district changes,
15 existing and future land uses, and the local objectives
16 respecting development, redevelopment, improvement, or
17 rehabilitation related to the future land use plan, and need
18 for improved traffic, public transportation, public utilities,
19 recreational and community facilities, and other public
20 improvements within the renewable energy zone.

21 c. If the plan includes a provision for the division of
22 taxes as provided in section 476.48B, the plan shall also
23 include a list of the current general obligation debt of the
24 local governing body, the current constitutional debt limit of
25 the local governing body, and the proposed amount of
26 indebtedness to be incurred, including loans, advances,
27 indebtedness, or bonds that qualify for payment from the
28 special fund referred to in section 476.48B, subsection 2.

29 6. "Renewable energy zone project" may include
30 undertakings and activities of a local governing body in a
31 renewable energy zone for the development of alternate energy,
32 may include the designation and development of an economic
33 development area in a renewable energy zone, and may involve
34 redevelopment in a renewable energy zone, or rehabilitation or
35 conservation in a renewable energy zone, or any combination or

1 part thereof in accordance with a renewable energy zone plan.

2 The undertakings and activities may include:

3 a. Acquisition of a slum area, blighted area, economic
4 development area, or portion of the areas.

5 b. Demolition and removal of buildings and improvements.

6 c. Installation, construction, or reconstruction of
7 streets, utilities, parks, playgrounds, and other improvements
8 necessary for carrying out the objectives of the renewable
9 energy zone in accordance with the renewable energy zone plan.

10 d. Disposition of any property acquired in a renewable
11 energy zone, including sale, initial leasing, or retention by
12 the local governing body itself, at its fair value for uses in
13 accordance with the renewable energy zone plan.

14 e. Carrying out plans for a program of voluntary or
15 compulsory repair and rehabilitation of buildings or other
16 improvements in accordance with the renewable energy zone
17 plan.

18 f. Acquisition of any other real property, where necessary
19 to provide land for needed public facilities.

20 g. Sale and conveyance of real property in furtherance of
21 a renewable energy zone project.

22 Sec. 35. NEW SECTION. 476.48B DIVISION OF REVENUE FROM
23 TAXATION -- TAX INCREMENT FINANCING.

24 A local governing body may provide by ordinance that taxes
25 levied on taxable property in a renewable energy zone each
26 year by or for the benefit of the state, city, county, school
27 district, or other taxing district, shall be divided as
28 follows:

29 1. a. Unless otherwise provided in this section, that
30 portion of the taxes which would be produced by the rate at
31 which the tax is levied each year by or for each of the taxing
32 districts upon the total sum of the assessed value of the
33 taxable property in the renewable energy zone, as shown on the
34 assessment roll as of January 1 of the calendar year preceding
35 the first calendar year in which the local governing body

1 certifies to the county auditor the amount of loans, advances,
2 indebtedness, or bonds payable from the division of property
3 tax revenue, shall be allocated to, and when collected be paid
4 into, the fund for the respective taxing district as taxes by
5 or for the taxing district into which all other property taxes
6 are paid. However, the local governing body may choose to
7 divide that portion of the taxes which would be produced by
8 levying the local governing body's portion of the total tax
9 rate levied by or for the local governing body upon the total
10 sum of the assessed value of the taxable property in the
11 renewable energy zone, as shown on the assessment roll as of
12 January 1 of the calendar year preceding the effective date of
13 the ordinance and if the local governing body so chooses, an
14 affected taxing entity may allow a local governing body to
15 divide that portion of the taxes that would be produced by
16 levying the affected taxing district's portion of the total
17 tax rate levied by or for the affected taxing entity upon the
18 total sum of the assessed value of the taxable property in the
19 renewable energy zone, as shown on the assessment roll as of
20 January 1 of the calendar year preceding the effective date of
21 the ordinance.

22 b. For the purpose of allocating taxes levied by or for
23 any taxing district that did not include the territory in a
24 renewable energy zone on the effective date of the ordinance
25 or initial adoption of the plan, but to which the territory
26 has been annexed or otherwise included after the effective
27 date, the assessment roll applicable to property in the
28 annexed territory as of January 1 of the calendar year
29 preceding the effective date of the ordinance, which amends
30 the plan to include the annexed area, shall be used in
31 determining the assessed valuation of the taxable property in
32 the annexed area.

33 c. For the purposes of dividing taxes under section
34 260E.4, the applicable assessment roll for purposes of
35 paragraph "a" shall be the assessment roll as of January 1 of

1 the calendar year preceding the first written agreement
2 providing that all or a portion of program costs are to be
3 paid for by incremental property taxes. The community college
4 shall file a copy of the agreement with the appropriate
5 assessor. The assessor may, within fourteen days of such
6 filing, physically inspect the applicable taxable business
7 property. If upon such inspection the assessor determines
8 that there has been a change in the value of the property from
9 the value as shown on the assessment roll as of January 1 of
10 the calendar year preceding the filing of the agreement and
11 such change in value is due to new construction, additions or
12 improvements to existing structures, or remodeling of existing
13 structures for which a building permit was required, the
14 assessor shall promptly determine the value of the property as
15 of the inspection in the manner provided in chapter 441 and
16 that value shall be included for purposes of the jobs training
17 project in the assessed value of the employer's taxable
18 business property as shown on the assessment roll as of
19 January 1 of the calendar year preceding the filing of the
20 agreement. The assessor, within thirty days of such filing,
21 shall notify the community college and the employer or
22 business of that valuation which shall be included in the
23 assessed valuation for purposes of this subsection and section
24 260E.4. The value determined by the assessor shall reflect
25 the change in value due solely to new construction, additions
26 or improvements to existing structures, or remodeling of
27 existing structures for which a building permit was required.

28 2. That portion of the taxes each year in excess of such
29 amount shall be allocated to and when collected be paid into a
30 special fund of the local governing body to pay the principal
31 of and interest on loans, moneys advanced to, or indebtedness,
32 whether funded, refunded, assumed, or otherwise, including
33 bonds issued under the authority of section 476.48C, incurred
34 by the local governing body to finance or refinance, in whole
35 or in part, a renewable energy zone project within the area,

1 except that taxes for the regular and voter-approved physical
2 plant and equipment levy of a school district imposed pursuant
3 to section 298.2 and taxes for the payment of bonds and
4 interest of each taxing district must be collected against all
5 taxable property within the taxing district without limitation
6 by the provisions of this subsection. Such school district
7 shall pay over the amount certified by November 1 and May 1 of
8 the fiscal year following certification to the school
9 district. Unless and until the total assessed valuation of
10 the taxable property in a renewable energy zone exceeds the
11 total assessed value of the taxable property in such area as
12 shown by the last equalized assessment roll referred to in
13 subsection 1, all of the taxes levied and collected upon the
14 taxable property in the renewable energy zone shall be paid
15 into the funds for the respective taxing districts as taxes by
16 or for the taxing districts in the same manner as all other
17 property taxes. When such loans, advances, indebtedness, and
18 bonds, if any, and interest thereon, have been paid, all
19 moneys thereafter received from taxes upon the taxable
20 property in such renewable energy zone shall be paid into the
21 funds for the respective taxing districts in the same manner
22 as taxes on all other property.

23 3. The portion of taxes mentioned in subsection 2 and the
24 special fund into which they shall be paid may be irrevocably
25 pledged by a local governing body for the payment of the
26 principal and interest on loans, advances, bonds issued under
27 the authority of section 476.48C, or indebtedness incurred by
28 a local governing body to finance or refinance, in whole or in
29 part, the renewable energy zone project within the area.

30 4. As used in this section, the word "taxes" includes, but
31 is not limited to, all levies on an ad valorem basis upon land
32 or real property.

33 5. A local governing body shall certify to the county
34 auditor on or before December 1 the amount of loans, advances,
35 indebtedness, or bonds which qualify for payment from the

1 special fund referred to in subsection 2, and the filing of
 2 the certificate shall make it a duty of the auditor to provide
 3 for the division of taxes in each subsequent year until the
 4 amount of the loans, advances, indebtedness, or bonds is paid
 5 to the special fund. In any year, the county auditor shall,
 6 upon receipt of a certified request from a local governing
 7 body filed on or before December 1, increase the amount to be
 8 allocated under subsection 1 in order to reduce the amount to
 9 be allocated in the following fiscal year to the special fund,
 10 to the extent that the local governing body does not request
 11 allocation to the special fund of the full portion of taxes
 12 that could be collected. Upon receipt of a certificate from a
 13 local governing body, the auditor shall mail a copy of the
 14 certificate to each affected taxing district.

15 6. Tax collections within each taxing district may be
 16 allocated to the entire taxing district, including the taxes
 17 on the valuations determined under subsection 1 and to the
 18 special fund created under subsection 2 in the proportion of
 19 their taxable valuations determined as provided in this
 20 section.

21 Sec. 36. NEW SECTION. 476.48C ISSUANCE OF BONDS.

22 1. A local governing body shall have power to periodically
 23 issue bonds in its discretion to pay the costs of carrying out
 24 the purposes and provisions of section 476.48B, including, but
 25 not limited to, the payment of principal and interest upon any
 26 advances for surveys and planning, and the payment of interest
 27 on bonds, not to exceed three years from the date the bonds
 28 are issued. The local governing body shall have power to
 29 issue refunding bonds for the payment or retirement of such
 30 bonds previously issued by it. The bonds shall be payable
 31 solely from the income and proceeds of the fund and portion of
 32 taxes referred to in section 476.48B, subsection 2, and
 33 revenues and other funds of the local governing body derived
 34 from or held in connection with the undertaking and carrying
 35 out of renewable energy zone projects under section 476.48B.

1 The local governing body may pledge to the payment of the
2 bonds the fund and portion of taxes referred to in section
3 476.48B, subsection 2, and may further secure the bonds by a
4 pledge of any loan, grant, or contribution from the federal
5 government or other source in aid of any renewable energy zone
6 projects of the local governing body, or by a mortgage of any
7 such renewable energy zone projects, or any part thereof,
8 title of which is vested in the local governing body.

9 2. Bonds issued under this section shall not constitute an
10 indebtedness within the meaning of any constitutional or
11 statutory debt limitation or restriction, and shall not be
12 subject to the provisions of any other law or charter relating
13 to the authorization, issuance, or sale of bonds. Bonds
14 issued under the provisions of this section are declared to be
15 issued for an essential public and governmental purpose and,
16 together with interest on the bonds and income from the bonds,
17 shall be exempted from all taxes.

18 3. Bonds issued under this section shall be authorized by
19 resolution or ordinance of the local governing body and may be
20 issued in one or more series and shall bear such date or
21 dates, be payable upon demand or mature at such time or times,
22 bear interest at such rate or rates not exceeding that
23 permitted by chapter 74A, be in such denomination or
24 denominations, be in such form either coupon or registered,
25 carry such conversion or registration privileges, have such
26 rank or priority, be executed in such manner, be payable in
27 such medium of payment, at such place or places, and be
28 subject to such terms of redemption, with or without premium,
29 be secured in such manner, and have such other
30 characteristics, as may be provided by such resolution or
31 trust indenture or mortgage issued pursuant thereto.

32 Before the local governing body may institute proceedings
33 for the issuance of bonds under this section, a notice of the
34 proposed action, including a statement of the amount and
35 purposes of the bonds and the time and place of the meeting at

1 which the local governing body proposes to take action for the
 2 issuance of the bonds, must be published as provided in
 3 section 362.3. At the meeting, the local governing body shall
 4 receive oral or written objections from any resident or
 5 property owner of the local governing body. After all
 6 objections have been received and considered, the local
 7 governing body, at that meeting or any subsequent meeting, may
 8 take additional action for the issuance of the bonds or
 9 abandon the proposal to issue the bonds. Any resident or
 10 property owner of the local governing body may appeal the
 11 decision of the local governing body to take additional action
 12 to the district court of the county in which any part of the
 13 local governing body is located, within fifteen days after the
 14 additional action is taken. The additional action of the
 15 local governing body is final and conclusive unless the court
 16 finds that the local governing body exceeded its authority.

17 4. Such bonds may be sold at not less than ninety-eight
 18 percent of par at public or private sale, or may be exchanged
 19 for other bonds at not less than ninety-eight percent of par.

20 5. In case any of the public officials of the local
 21 governing body whose signatures appear on any bonds or coupons
 22 issued under this section shall cease to be such officials
 23 before the delivery of such bonds, such signatures shall,
 24 nevertheless, be valid and sufficient for all purposes, the
 25 same as if such officials had remained in office until such
 26 delivery. Any provision of any law to the contrary
 27 notwithstanding, any bonds issued pursuant to this section
 28 shall be fully negotiable.

29 6. In any suit, action, or proceeding involving the
 30 validity or enforceability of any bond issued under this
 31 section or the security for such bonds, any such bond reciting
 32 in substance that it has been issued by the local governing
 33 body in connection with a renewable energy zone project, as
 34 defined in section 476.48A, shall be conclusively deemed to
 35 have been issued for such purpose and such project shall be

1 conclusively deemed to have been planned, located, and carried
2 out in accordance with the provisions of this section.

3 Sec. 37. Section 478.1, Code 2001, is amended to read as
4 follows:

5 478.1 FRANCHISE.

6 1. A person shall not construct, erect, maintain, or
7 operate a transmission line, wire, or cable which that is
8 capable of operating at an electric voltage of ~~thirty-four-and~~
9 ~~one-half~~ sixty-nine kilovolts or more along, over, or across
10 any public highway or grounds outside of cities for the
11 transmission, distribution, or sale of electric current,
12 without first procuring from the utilities board within the
13 utilities division of the department of commerce a franchise
14 granting authority as provided in this chapter. ~~However,-a~~

15 2. A franchise shall not be required for electric lines
16 constructed entirely within the boundaries of property owned
17 by a person primarily engaged in the transmission or
18 distribution of electric power or entirely within the
19 boundaries of property owned by the end user of the electric
20 power.

21 3. If the transmission line, wire, or cable is capable of
22 operating only at an electric voltage of less than ~~thirty-four~~
23 ~~and-one-half~~ sixty-nine kilovolts, no franchise is required.
24 However, the utilities board shall retain jurisdiction over
25 all such lines, wires, or cables.

26 4. A person who seeks to construct, erect, maintain, or
27 operate a transmission line, wire, or cable which that will
28 operate at an electric voltage of less than ~~thirty-four-and~~
29 ~~one-half~~ sixty-nine kilovolts outside of cities and which that
30 cannot secure the necessary voluntary easements to do so may
31 petition the board pursuant to section 478.3, subsection 1,
32 for a franchise granting authority for such construction,
33 erection, maintenance, or operation, and for the use of the
34 right of eminent domain.

35 Sec. 38. Section 478.2, Code 2001, is amended to read as

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1 follows:

2 478.2 PETITION FOR FRANCHISE -- INFORMATIONAL MEETINGS
3 HELD.

4 1. Any person~~7-corporation7-or-company~~ authorized to
5 transact business in the state including cities may file a
6 verified petition asking for a franchise to erect, maintain,
7 and operate a line or lines for the transmission,
8 distribution, use, and sale of electric current outside cities
9 and for such purpose to erect, use, and maintain poles, wires,
10 guy wires, towers, cables, conduits, and other fixtures and
11 appliances necessary for conducting electric current for
12 light, heat, or power over, along, and across any public
13 lands, highways, streams, or the lands of any person, company,
14 or corporation, and to acquire necessary interests in real
15 estate for such purposes.

16 2. As conditions precedent to the filing of a petition
17 with the utilities board requesting a franchise for a new
18 transmission line, and not less than thirty days prior to the
19 filing of such petition, the person~~7-company7-or-corporation~~
20 shall hold informational meetings in each county in which real
21 property or rights therein will be affected.

22 a. A member of the board, the counsel of the board, or a
23 hearing examiner designated by the board shall serve as the
24 presiding officer at each meeting, shall present an agenda for
25 such meeting which shall include a summary of the legal rights
26 of the affected landowners, and shall distribute and review
27 the statement of individual rights required under section
28 6B.2A, subsection 1. A formal record of the meeting shall not
29 be required.

30 b. The meeting shall be held at a location reasonably
31 accessible to all persons~~7-companies7-or-corporations-which~~
32 that may be affected by the granting of the franchise.

33 3. The person~~7-company7-or-corporation~~ seeking the
34 franchise for a new transmission line shall give notice of the
35 informational meeting to each person, company, or corporation

1 determined to be the landowner affected by the proposed
2 project and any person, company, or corporation in possession
3 of or residing on the property.

4 a. For the purposes of this section, "landowner" unless
5 the context otherwise requires:

6 (1) "Landowner" means a ~~person, company, or corporation~~
7 listed on the tax assessment rolls as responsible for the
8 payment of real estate taxes imposed on the property and
9 "transmission.

10 (2) "Transmission line" means any line capable of
11 operating at ~~thirty-four-and-one-half~~ sixty-nine kilovolts or
12 more and extending a distance of not less than one mile across
13 privately owned real estate.

14 b. The notice shall ~~set-forth~~ contain the following:

15 (1) The name of the applicant, ~~state-the.~~

16 (2) The applicant's principal place of business, ~~state~~
17 the.

18 (3) A general description and purpose of the proposed
19 project, ~~state-the.~~

20 (4) The general nature of the right-of-way desired, ~~state~~
21 the.

22 (5) The possibility that the right-of-way may be acquired
23 by condemnation if approved by the utilities board, ~~provide-a.~~

24 (6) A map showing the route of the proposed project,
25 ~~provide-a.~~

26 (7) A description of the process used by the utilities
27 board in making a decision on whether to approve a franchise
28 or grant the right to take property by eminent domain, ~~advise.~~

29 (8) A statement that the landowner has the right to be
30 present at such meetings and to file objections with the
31 utilities board, ~~designate-the.~~

32 (9) The place and time of the meeting, .

33 c. The notice shall be served not less than thirty days
34 prior to the time set for the meeting by certified mail with
35 return receipt requested, and shall be published once in a

1 newspaper of general circulation in the county at least one
2 week and not more than three weeks before the time of the
3 meeting and such publication shall be considered notice to
4 landowners whose residence is not known.

5 4. No A person, company, or corporation seeking rights
6 under this chapter shall not negotiate or purchase any
7 easements or other interests in land in any county known to be
8 affected by the proposed project prior to the informational
9 meeting.

10 Sec. 39. Section 478.3, subsection 2, unnumbered paragraph
11 1, Code Supplement 2001, is amended to read as follows:

12 Petitions for transmission lines capable of operating at
13 ~~thirty-four-and-one-half~~ sixty-nine kilovolts or more and
14 extending a distance of not less than one mile across
15 privately owned real estate shall also set forth an allegation
16 that the proposed construction represents a reasonable
17 relationship to an overall plan of transmitting electricity in
18 the public interest and substantiation of such allegations,
19 including but not limited to, a showing of the following:

20 Sec. 40. Section 478.13, unnumbered paragraph 2, Code
21 2001, is amended to read as follows:

22 An extension of a franchise is not required for an electric
23 transmission line which that has been permanently retired from
24 operation at ~~thirty-four-and-one-half~~ sixty-nine kilovolts or
25 more but which remains in service at a lower voltage. The
26 board shall be notified of changes in operating status.

27 Sec. 41. EFFECTIVE DATE. The sections of this Act
28 amending chapter 478, being deemed of immediate importance,
29 take effect upon enactment.

30 Sec. 42. EFFECTIVE AND APPLICABILITY DATES. The sections
31 of this Act enacting new sections 476.48 through 476.48C, take
32 effect upon enactment and apply retroactively to January 1,
33 2002, for tax years beginning on or after that date.

34 Sec. 43. Sections 473.15 and 473.17, Code 2001, are
35 repealed.

EXPLANATION

1

2 This bill relates to energy, by providing tax incentives
3 for alternate energy projects, providing for approval of
4 utility power purchase contracts, changing the voltage
5 threshold for electric line franchises, and reassigning
6 responsibilities of the energy bureau of the department of
7 natural resources.

8 The bill adds new Code sections 476.48 through 476.48C,
9 which provide various tax credits for businesses that invest
10 \$50 million or more in Iowa by building an alternate energy
11 production facility or small hydro facility, and is approved
12 to receive the incentives and assistance by the utilities
13 board after submitting an application. The incentive period
14 lasts 10 years. The tax incentives in new Code section 476.48
15 may include a property tax exemption for the value added to
16 the property, if so exempted by the city or county where the
17 business is located.

18 New Code section 476.48B provides for tax increment
19 financing (TIF) for renewable energy zones, constructed
20 similarly to the existing TIF statute for urban renewal
21 districts in Code section 403.19. Definitions for the new
22 Code section are contained in Code section 476.48A, and
23 bonding provisions are provided in Code section 476.48C. New
24 Code sections 476.48 through 476.48C take effect upon
25 enactment, and apply retroactively to January 1, 2002, for tax
26 years beginning on or after that date.

27 The bill adds a new subsection to Code section 476.6
28 regarding board approval of contracts to purchase power by
29 rate-regulated public utilities. If the contract meets all of
30 the following criteria, the utility shall file the contract
31 with the board, and may recover the costs of the contract in
32 regulated retail electric rates: (1) the contract is for five
33 years or longer; (2) the power is being purchased from an
34 electric power generation facility built after 2001. The
35 board shall approve the contract if, after a contested case

1 proceeding, it finds that the terms of the contract are
2 reasonable and prudent. Approval by the board shall
3 constitute a final determination of the prudence and
4 reasonableness of the contract and its terms, and the board
5 may order the parties to comply with the terms of the
6 contract. The board is authorized to contract for additional
7 temporary staff as necessary to review such contracts. Any
8 new wholesale contract for 100 megawatts or more is subject to
9 competitive bidding regulations established by the board.

10 The bill also increases the transmission line franchise
11 requirement threshold in Code chapter 478 from 34.5 kilovolts
12 to 69 kilovolts, by making changes in Code sections 478.1,
13 478.2, 478.3, and 478.13. The bill divides some existing Code
14 sections into subsections, paragraphs, and subparagraphs, and
15 makes some grammatical changes. The bill deletes several
16 redundant references to "person, company or corporation" in
17 Code section 478.2, using instead the simpler "person", which
18 is defined in Code section 4.1, subsection 20, as an
19 "individual, corporation, limited liability company,
20 government or governmental subdivision or agency, business
21 trust, estate, trust, partnership or association, or any other
22 legal entity". This portion of the bill is effective upon
23 enactment.

24 The bill also reassigns the responsibilities of the energy
25 bureau of the department of natural resources, renames the
26 energy and geological resources division, and removes
27 authority over Code chapter 473 from the department of natural
28 resources.

29 Most of the energy responsibilities under Code chapter 473
30 are reassigned to the utilities board within the utilities
31 division of the department of commerce, and appropriate
32 changes are made to that effect throughout Code chapter 473.
33 Certain emergency energy functions in Code sections 473.8 and
34 473.10 are assigned to the emergency management division of
35 the department of public defense. Duties regarding monthly

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LSB
~~H.F.~~ 667

1 fuel price surveys and sharing of information regarding fuel
2 allocation are assigned to the department of agriculture and
3 land stewardship under new Code section 473.7A, moved from
4 former subsections of Code section 473.7. The state building
5 code commissioner is reassigned responsibility for building
6 efficiency rating systems under Code section 473.40, exit
7 signs under Code section 473.42, and efficient plumbing
8 products under Code section 473.44.

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HOUSE FILE 2562
BY COMMITTEE ON COMMERCE
AND REGULATION

(SUCCESSOR TO HSB 667)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to energy, by providing tax incentives for
2 alternate energy projects, providing for approval of utility
3 power purchase contracts and authorizing related expenditures,
4 changing the voltage threshold for electric line franchises,
5 reassigning responsibilities of the energy bureau of the
6 department of natural resources, providing for ownership of
7 alternate energy production facilities or small hydro
8 facilities by public electric utilities, and including
9 effective and retroactive applicability dates.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2562

1 Section 1. Section 7E.5, subsection 1, paragraph r, Code
2 2001, is amended to read as follows:

3 r. The department of natural resources, created in section
4 455A.2, which has primary responsibility for state parks and
5 forests, protecting the environment, and managing energy,
6 fish, wildlife, and land and water resources.

7 Sec. 2. Section 28D.3, subsection 4, Code 2001, is amended
8 to read as follows:

9 4. Persons employed by the ~~energy-and~~ geological resources
10 division of the department of natural resources under this
11 chapter are not subject to the twenty-four-month time
12 limitation specified in subsection 2.

13 Sec. 3. Section 72.5, subsection 2, Code 2001, is amended
14 to read as follows:

15 2. In connection with development of a statewide building
16 energy efficiency rating system, pursuant to section 473.40,
17 the ~~director-of-the-department-of-natural-resources~~ state
18 building code administrator, in consultation with the
19 department of management, ~~state-building-code-director~~, and
20 the state fire marshal, shall develop standards and methods to
21 evaluate design development documents and construction
22 documents based upon the energy efficiency rating system for
23 public buildings, and other life cycle cost factors, to
24 facilitate fair and uniform comparisons between design
25 proposals and informed decision making by public bodies.

26 Sec. 4. Section 103A.8, subsection 7, Code 2001, is
27 amended to read as follows:

28 7. Limit the application of thermal efficiency standards
29 for energy conservation to new construction which will
30 incorporate a heating or cooling system. Air exchange fans
31 designed to provide ventilation shall not be considered a
32 cooling system. The commissioner shall exempt any new
33 construction from thermal efficiency standards for energy
34 conservation if the commissioner determines that the standards
35 are unreasonable as they apply to a particular building or

1 class of buildings including farm buildings for livestock use.
2 Lighting efficiency standards shall recognize variations in
3 lighting intensities required for the various tasks performed
4 within the building. ~~The commissioner shall consult with the~~
5 ~~energy and geological resources division of the department of~~
6 ~~natural resources regarding standards for energy conservation~~
7 ~~prior to the adoption of the standards.~~ However, the
8 standards shall be consistent with section 103A.8A.

9 Sec. 5. Section 103A.8A, Code 2001, is amended to read as
10 follows:

11 103A.8A MINIMUM ENERGY EFFICIENCY STANDARD.

12 The state building code commissioner shall adopt as a part
13 of the state building code a requirement that new single-
14 family or two-family residential construction shall meet an
15 established minimum energy efficiency standard. The standard
16 shall be stated in terms of the home heating index developed
17 by the physics department at Iowa state university of science
18 and technology. The minimum standard shall be the average
19 energy consumption of new single-family or two-family
20 residential construction ~~as determined by a survey conducted~~
21 ~~by the energy and geological resources division of the~~
22 ~~department of natural resources of the average actual energy~~
23 ~~consumption,~~ as expressed in terms of the home heating index.
24 The minimum standard shall only apply to single-family or two-
25 family residential construction commenced after the adoption
26 of the standard.

27 Sec. 6. Section 161B.1, subsection 2, paragraph a, Code
28 2001, is amended to read as follows:

29 a. The ~~energy and~~ geological resources division of the
30 department of natural resources.

31 Sec. 7. Section 266.39C, subsection 2, paragraph f, Code
32 2001, is amended by striking the paragraph.

33 Sec. 8. Section 455A.4, subsection 1, paragraph b, Code
34 2001, is amended to read to read as follows:

35 b. Provide overall supervision, direction, and

1 coordination of functions to be administered by the
2 administrators under chapters 321G, 455B, 455C, 456A, 456B,
3 457A, 458A, 460A, 461A, 462A, 462B, 464A, 465C, 473, 481A,
4 481B, 483A, 484A, and 484B.

5 Sec. 9. Section 455A.6, subsection 6, paragraph b, Code
6 2001, is amended to read as follows:

7 b. Hear appeals in contested cases pursuant to chapter 17A
8 on matters relating to actions taken by the director under
9 chapter 455C, 458A, or 464B~~7-or-473~~.

10 Sec. 10. 455A.6, subsection 6, paragraph d, Code 2001, is
11 amended to read as follows:

12 d. Approve the budget request prepared by the director for
13 the programs authorized by chapters 455B, 455C, 455E, and
14 455F. The commission shall approve the budget request
15 prepared by the director for programs administered by the
16 ~~energy-and~~ geological resources division, the administrative
17 services division, and the office of the director, as provided
18 in section 455A.7. The commission may increase, decrease, or
19 strike any item within the department budget request for the
20 specified programs before granting approval.

21 Sec. 11. Section 455A.7, subsection 1, paragraph d, Code
22 Supplement 2001, is amended to read as follows:

23 d. ~~Energy-and-geological~~ Geological resources division
24 which is responsible for programs relating to ~~energy~~
25 geological survey~~7~~ and oil and gas production.

26 Sec. 12. Section 473.1, Code 2001, is amended to read as
27 follows:

28 473.1 DEFINITIONS.

29 As used in this chapter, unless the context otherwise
30 requires:

31 1. ~~"Commission"-means-the-environmental-protection~~
32 ~~commission-of-the-department-~~ "Board" or "utilities board"
33 means the utilities board within the utilities division of the
34 department of commerce.

35 2. ~~---"Department"-means-the-department-of-natural-resources~~

1 created-under-section-455A-2-

2 3.---"Director"--means-the-director-of-the-department-or-a
3 designee-

4 4: 2. "Energy" or "energy sources" means gasoline, fuel
5 oil, natural gas, propane, coal, special fuels and
6 electricity.

7 5: 3. "Supplier" means any person engaged in the business
8 of selling, importing, storing or generating energy sources in
9 Iowa.

10 Sec. 13. Section 473.7, Code 2001, is amended to read as
11 follows:

12 473.7 DUTIES OF THE DEPARTMENT BOARD.

13 It is the intent of the general assembly that the utilities
14 board be in the leadership position on energy issues for the
15 state of Iowa. The board is invested with the mantle of
16 responsibility for all energy issues including but not limited
17 to monitoring current status of energy reserves and projects,
18 planning future opportunities for needed growth and new
19 technologies, and increasing statewide awareness for present
20 and future concerns regarding energy issues affecting Iowa's
21 residences and businesses. This responsibility is independent
22 of the board's rate regulation role for certain utilities.

23 In accomplishing its mission, the board shall communicate
24 to the citizens of the state, energy providers, and the
25 general assembly on the status of energy issues through
26 routine reporting and other regular communication, and shall
27 promptly inform the state of any major concerns that arise.

28 The department board shall:

29 1. Deliver to the general assembly ~~by January 15, 1990~~
30 every five years beginning in 2005, a plan for the
31 development, management, and efficient utilization of all
32 energy resources in the state. The plan shall evaluate
33 existing energy utilization with regard to energy efficiency
34 and shall evaluate the future energy needs of the state. The
35 plan shall include but is not limited to the following

1 elements:

2 ~~a. The historical use and distribution of energy in Iowa.~~

3 ~~b. The growth rate of energy consumption in Iowa.~~

4 ~~c. A projection of Iowa's energy needs at a minimum of ten~~
5 ~~years into the future.~~

6 a. The availability of energy for residential and current
7 business usage, and opportunities for business development.

8 Projections shall extend for at least ten years into the
9 future.

10 b. Opportunities for selling energy to neighboring states.

11 c. Energy prices in Iowa and competitiveness with other
12 midwestern states.

13 d. Reliability of energy distributed to residences and
14 businesses in Iowa. A measurement of outages and reduced
15 voltages shall be included in the plan.

16 e. An analysis of any outstanding safety issues.

17 f. The status of security at energy facilities in Iowa,
18 including any special vulnerability to threats or attacks.

19 g. The impact of meeting Iowa's energy needs on the
20 economy of the state.

21 h. The impact of meeting Iowa's energy needs on the
22 environment of the state.

23 i. An evaluation of alternative sources and uses of
24 energy.

25 j. Legislative recommendations that may be necessary as
26 a basis for a state policy for the development and efficient
27 utilization of energy resources.

28 ~~h. An evaluation of the ability of existing laws and~~
29 ~~regulations surrounding the utilization of energy resources.~~

30 The department board shall develop the plan with the
31 assistance of, and in consultation with, representatives of
32 the energy industry, economic interests, the public, and other
33 interested parties. The department board shall submit a
34 ~~report to the general assembly concerning the status and~~
35 ~~implementation of the plan on a biennial basis. The biennial~~

1 an annual update that shall contain an evaluation of all state
2 energy programs including expected versus actual benefits and
3 forecasts of future energy demand in Iowa.

4 ~~2:--Identify-a-state-facility-in-the-state-to-be-used-as-a~~
5 ~~marketing-tool-to-promote-energy-conservation-by-providing-a~~
6 ~~showcase-for-the-department-to-demonstrate-energy-efficiency:~~

7 3: 2. ~~The-department-shall-exchange~~ Exchange information
8 with other states on energy and especially on the allocation
9 of fuel and shall request all information necessary to
10 determine the reasonableness of any reduction of Iowa's fuel
11 allocation.

12 4: 3. Establish a central depository within the state for
13 energy data. The central depository shall be located at or
14 accessible through a library which that is a member of an
15 interlibrary loan program to facilitate access to the data and
16 information contained in the central depository. The

17 department board shall collect data necessary to forecast
18 future energy demands in the state. The department board may
19 require a supplier to provide information pertaining to the
20 supply, storage, distribution and sale of energy sources in
21 this state. The information shall be furnished on a periodic
22 basis, shall be of a nature which that directly relates to the
23 supply, storage, distribution and sale of energy sources, and
24 shall not include any records, documents, books or other data
25 which that relate to the financial position of the supplier.

26 ~~Provided-the-department~~ The board, prior to requiring any
27 supplier to furnish it with such information, shall make every
28 reasonable effort to determine if the same information is
29 available from any other governmental source. If it finds
30 such information is available, the department board shall not
31 require submission of the same information from a supplier.

32 Notwithstanding the provisions of chapter 22, information and
33 reports obtained under this section shall be confidential
34 except when used for statistical purposes without identifying
35 a specific supplier and when release of the information will

1 not give an advantage to competitors and serves a public
2 purpose. The department board shall use this data to conduct
3 energy forecasts ~~which shall be included in the biennial~~
4 update as required by this section.

5 The department board may subpoena witnesses, administer
6 oaths and require the production of records, books, and
7 documents for examination in order to obtain information
8 required to be submitted under this section. In case of
9 failure or refusal on the part of any person to comply with a
10 subpoena issued by the department board, or in case of the
11 refusal of any witness to testify as to any matter regarding
12 which the witness may be interrogated under this chapter, the
13 district court, upon the application of the department board,
14 may order the person to show cause why the person should not
15 be held in contempt for failure to testify or comply with a
16 subpoena, and may order the person to produce the records,
17 books, and documents for examination, and to give testimony.
18 The courts may punish for contempt as in the case of
19 disobedience to a ~~like~~ subpoena issued by the court, or for
20 refusal to testify.

21 5: 4. Develop, recommend, and implement with appropriate
22 agencies public and professional education and communication
23 programs in energy efficiency, energy conservation, and
24 conversion to alternative sources of energy.

25 6: 5. When necessary to carry out its duties under this
26 chapter, enter into contracts with state agencies and other
27 qualified contractors.

28 7: 6. Receive and accept grants made available for
29 programs relating to duties of the department board under this
30 chapter.

31 8: 7. Promulgate Adopt rules necessary to carry out the
32 provisions of this chapter, subject to review in accordance
33 with chapter 17A. Rules promulgated by the governor pursuant
34 to a proclamation issued under the provisions of section 473.8
35 shall not be subject to review or a public hearing as required

1 in chapter 17A; however, agency rules for implementation of
2 the governor's proclamation are subject to the requirements of
3 chapter 17A.

4 ~~9~~ 8. Examine and determine whether additional state
5 regulatory authority is necessary to protect the public
6 interest and to promote the effective development, utilization
7 and conservation of energy resources. If the department board
8 finds that additional regulatory authority is necessary, the
9 department board shall submit recommendations to the general
10 assembly concerning the nature and extent of such regulatory
11 authority and which state agency should be assigned such
12 regulatory responsibilities.

13 ~~10~~ 9. Develop and assist in the implementation of public
14 education and communications programs in energy development,
15 use and conservation, in co-operation with the department of
16 education, the state university extension services and other
17 public or private agencies and organizations as deemed
18 appropriate by the department board.

19 ~~11~~ 10. Develop a program to annually give public
20 recognition to innovative methods of energy conservation.

21 ~~12~~ 11. Administer and coordinate federal funds for energy
22 conservation programs including, but not limited to, the
23 institutional conservation program, state energy conservation
24 program, and energy extension service program, and related
25 programs which provide energy management and conservation
26 assistance to schools, hospitals, health-care facilities,
27 communities, and the general public.

28 ~~13~~ 12. Administer and coordinate the state building
29 energy management program including projects funded through
30 private financing.

31 ~~14~~ 13. Perform monthly fuel surveys which establish a
32 statistical average of motor fuel prices for various motor
33 fuels provided throughout the state. Additionally, the
34 department shall perform monthly fuel surveys in cities with
35 populations of over fifty thousand which establish a

1 ~~statistical average of motor fuel prices for various motor~~
2 ~~fuels provided in those individual cities.--The survey results~~
3 ~~shall be publicized in a monthly press release issued by the~~
4 ~~department.~~

5 ~~15.--Conduct a study on activities related to energy~~
6 ~~production and use which contribute to global climate change~~
7 ~~and the depletion of the stratospheric ozone layer.--The study~~
8 ~~shall identify the types and relative contributions of these~~
9 ~~activities in Iowa.--The department shall develop a strategy~~
10 ~~to reduce emissions from activities identified as having an~~
11 ~~adverse impact on the global climate and the stratospheric~~
12 ~~ozone layer.--The department shall submit a report containing~~
13 ~~its findings and recommendations to the governor and general~~
14 ~~assembly by January 17, 1992.~~

15 Sec. 14. NEW SECTION. 473.7A DUTIES OF DEPARTMENT OF
16 AGRICULTURE AND LAND STEWARDSHIP.

17 The department of agriculture and land stewardship shall
18 perform monthly fuel surveys that establish a statistical
19 average of motor fuel prices for various motor fuels provided
20 throughout the state. Additionally, the department shall
21 perform monthly fuel surveys in cities with populations of
22 over fifty thousand which establish a statistical average of
23 motor fuel prices for various motor fuels provided in those
24 individual cities. The survey results shall be publicized in
25 a monthly press release issued by the department. The
26 department shall exchange information with other states and
27 especially on the allocation of fuel and shall request all
28 information necessary to determine the reasonableness of any
29 reduction of Iowa's fuel allocation.

30 Sec. 15. Section 473.8, unnumbered paragraph 1, Code
31 Supplement 2001, is amended to read as follows:

32 If the department emergency management division of the
33 department of public defense, by resolution, determines the
34 health, safety, or welfare of the people of this state is
35 threatened by an actual or impending acute shortage of usable

1 energy, it shall transmit the resolution to the governor
2 together with its recommendation on the declaration of an
3 emergency by the governor and recommended actions, if any, to
4 be undertaken. Within thirty days of the date of the
5 resolution, the governor may issue a proclamation of emergency
6 which shall be filed with the secretary of state. The
7 proclamation shall state the facts relied upon and the reasons
8 for the proclamation.

9 Sec. 16. Section 473.10, Code 2001, is amended to read as
10 follows:

11 473.10 RESERVE REQUIRED.

12 1. If the department emergency management division of the
13 department of public defense or the governor finds that an
14 impending or actual shortage or distribution imbalance of
15 liquid fossil fuels may cause hardship or pose a threat to the
16 health and economic well-being of the people of the state or a
17 significant segment of the state's population, the department
18 division or the governor may authorize the director
19 administrator of the emergency management division to operate
20 a liquid fossil fuel set-aside program as provided in
21 subsection 2.

22 2. Upon authorization by the department emergency
23 management division of the department of public defense or the
24 governor, the director administrator of the emergency
25 management division may require a prime supplier to reserve a
26 specified fraction of the prime supplier's projected total
27 monthly release of liquid fossil fuel in Iowa. The director
28 administrator may release any or all of the fuel required to
29 be reserved by a prime supplier to end-users or to
30 distributors for release through normal retail distribution
31 channels to retail customers. However, the specified fraction
32 required to be reserved shall not exceed three percent for
33 propane, aviation fuel and residual oil, and five percent for
34 motor gasoline, heating oil, and diesel oil.

35 3. The department emergency management division of the

1 department of public defense shall periodically review and may
2 terminate the operation of a set-aside program authorized by
3 the department division under subsection 1 when the department
4 division finds that the conditions that prompted the
5 authorization no longer exist. The governor shall
6 periodically review and may terminate the operation of a set-
7 aside program authorized by the governor under subsection 1
8 when the governor finds that the conditions that prompted the
9 authorization no longer exist.

10 4. The director administrator of the emergency management
11 division shall adopt rules to implement administer this
12 section.

13 Sec. 17. Section 473.11, subsection 1, paragraph f, Code
14 2001, is amended to read as follows:

15 f. The moneys deposited under section 473.16 in the
16 general fund of the state shall be used for research and
17 development of selected projects to improve Iowa's energy
18 independence by developing improved methods of energy
19 efficiency, or by increased development and use of Iowa's
20 renewable nonresource-depleting energy resources. The moneys
21 credited to the general fund of the state under section
22 556.18, subsection 3, shall be used for energy conservation
23 and alternative energy resource projects. The projects shall
24 be selected ~~by the director~~ and administered by the department
25 board. Selection criteria for funded projects shall include
26 consideration of indirect restitution to those persons in the
27 state in the utility customer classes and the utility service
28 territories affected by unclaimed utility refunds or deposits.

29 Moneys deposited into the general fund of the state under
30 sections 473.16, 476.51, and 556.18, subsection 3, are subject
31 to the requirements of section 8.60.

32 Sec. 18. Section 473.11, subsection 3, unnumbered
33 paragraph 1, Code 2001, is amended to read as follows:

34 An energy fund disbursement council is established. The
35 council shall be composed of the governor or the governor's

1 designee, the director of the department of management, who
2 shall serve as the council's chairperson, the administrator of
3 the division of community action agencies of the department of
4 human rights, ~~the administrator of the energy and geological~~
5 ~~resources division of the department of natural resources~~ the
6 chairperson of the utilities board, and a designee of the
7 director of transportation, who is knowledgeable in the field
8 of energy conservation. The council shall include as
9 nonvoting members two members of the senate appointed by the
10 president of the senate, after consultation with the majority
11 leader and the minority leader of the senate, and two members
12 of the house of representatives appointed by the speaker of
13 the house, after consultation with the majority leader and the
14 minority leader of the house. The legislative members shall
15 be appointed upon the convening and for the period of each
16 general assembly. Not more than one member from each house
17 shall be of the same political party. The council shall be
18 staffed by the ~~energy and geological resources division of the~~
19 ~~department of natural resources~~ board. The attorney general
20 shall provide legal assistance to the council.

21 Sec. 19. Section 473.11, subsection 3, paragraph c, Code
22 2001, is amended to read as follows:

23 c. Work with the ~~energy and geological resources division~~
24 board in adopting administrative rules necessary to administer
25 expenditures from the trust, encourage applications for grants
26 and loans, review and select proposals for the funding of
27 competitive grants and loans from the energy conservation
28 trust, and evaluate their comparative effectiveness.

29 Sec. 20. Section 473.11, subsection 3, paragraph f, Code
30 2001, is amended to read as follows:

31 f. Prepare, in conjunction with the ~~energy and geological~~
32 ~~resources division~~ board, an annual report to the governor and
33 the general assembly regarding earnings of and expenditures
34 from the energy conservation trust.

35 Sec. 21. Section 473.11, subsections 4 and 7, Code 2001,

1 are amended to read as follows:

2 4. The ~~administrator-of-the-energy-and-geological~~
3 ~~resources-division-of-the-department-of-natural-resources~~
4 board shall be the administrator of the energy conservation
5 trust. The administrator shall disburse moneys appropriated
6 by the general assembly from the funds in the trust in
7 accordance with the federal court orders, law and regulation,
8 or settlement conditions applying to the moneys in that fund,
9 and subject to the approval of the energy fund disbursement
10 council if such approval is required. The council, after
11 consultation with the attorney general, shall immediately
12 approve the disbursement of moneys from the funds in the trust
13 for projects which meet the federal court orders, law and
14 regulations, or settlement conditions which apply to that
15 fund.

16 7. On June 30, 2003, the energy fund disbursement council
17 established in subsection 3 shall be dissolved. At that time,
18 the ~~department-of-natural-resources~~ board shall be responsible
19 for the disbursement of any funds either received or remaining
20 in the energy conservation trust. These disbursements shall
21 be for projects and programs consistent with the allowable
22 uses for the energy conservation trust. Also, at that time,
23 and annually thereafter, the state department of
24 transportation shall report to the ~~department-of-natural~~
25 ~~resources~~ board on the status of the intermodal revolving loan
26 fund established in the state department of transportation.
27 In the fiscal year beginning July 1, 2019, the ~~department-of~~
28 ~~natural-resources~~ board shall assume responsibility for funds
29 remaining in the intermodal revolving loan fund and disburse
30 them for energy conservation projects and programs consistent
31 with the allowable uses for the energy conservation trust.

32 Sec. 22. Section 473.19, unnumbered paragraph 1, Code
33 2001, is amended to read as follows:

34 The energy bank program is established by the ~~department~~
35 board. The energy bank program consists of the following

1 forms of assistance for the state, state agencies, political
2 subdivisions of the state, school districts, area education
3 agencies, community colleges, and nonprofit organizations:

4 Sec. 23. Section 473.20, Code Supplement 2001, is amended
5 to read as follows:

6 473.20 ENERGY LOAN FUND.

7 An energy loan fund is established in the office of the
8 treasurer of state to be administered by the department board.

9 1. The department board may make loans to the state, state
10 agencies, political subdivisions of the state, school
11 districts, area education agencies, community colleges, and
12 nonprofit organizations for implementation of energy
13 conservation measures identified in a comprehensive
14 engineering analysis. Loans shall be made for all cost-
15 effective energy management improvements. For the state,
16 state agencies, political subdivisions of the state, school
17 districts, area education agencies, community colleges, and
18 nonprofit organizations to receive a loan from the fund, the
19 department board shall require completion of an energy
20 management plan including an energy audit and a comprehensive
21 engineering analysis. The department board shall approve
22 loans made under this section.

23 2. Cities and counties shall repay the loans from moneys
24 in their debt service funds. Area education agencies shall
25 repay the loans from any moneys available to them.

26 School districts and community colleges may enter into
27 financing arrangements with the department board or its duly
28 authorized agents or representatives obligating the school
29 district or community college to make payments on the loans
30 beyond the current budget year of the school district or
31 community college. Chapter 75 shall not be applicable.

32 School districts shall repay the loans from moneys in either
33 their general fund or debt service fund. Community colleges
34 shall repay the loans from their general fund. Other entities
35 receiving loans under this section shall repay the loans from

1 any moneys available to them.

2 3. The ~~department~~ board may accept gifts, federal funds,
3 state appropriations, and other moneys for deposit in the
4 energy loan fund or may fund the energy loan fund in
5 accordance with section 473.20A.

6 4. For the purpose of this section, "loans" means loans,
7 leases, or alternative financing arrangements.

8 5. The state, state agencies, political subdivisions of
9 the state, school districts, area education agencies, and
10 community colleges shall design and construct the most energy
11 cost-effective facilities feasible and shall use the financing
12 made available by the ~~department~~ board to cover the
13 incremental costs above minimum building code energy
14 efficiency standards of purchasing energy efficient devices
15 and materials unless other lower cost financing is available.
16 As used in this section, "facility" means a structure that is
17 heated or cooled by a mechanical or electrical system, or any
18 system of physical operation that consumes energy to carry out
19 a process.

20 6. The ~~department~~ board shall not require the state, state
21 agencies, political subdivisions of the state, school
22 districts, area education agencies, and community colleges to
23 implement a specific energy conservation measure identified in
24 a comprehensive engineering analysis if the entity which
25 prepared the analysis demonstrates to the ~~department~~ board
26 that the facility which is the subject of the energy
27 conservation measure is unlikely to be used or operated for
28 the full period of the expected payback of the energy
29 conservation measure.

30 Sec. 24. Section 473.20A, Code 2001, is amended to read as
31 follows:

32 473.20A SELF-LIQUIDATING FINANCING.

33 1. The ~~department-of-natural-resources~~ board may enter
34 into financing agreements with the state, state agencies,
35 political subdivisions of the state, school districts, area

1 education agencies, community colleges, or nonprofit
2 organizations in order to provide the financing to pay the
3 costs of furnishing energy conservation measures. The
4 provisions of section 473.20 defining eligible energy
5 conservation measures and the method of repayment of the loans
6 apply to financings under this section.

7 The financing agreement may contain provisions, including
8 interest, term, and obligations to make payments on the
9 financing agreement beyond the current budget year, as may be
10 agreed upon between the ~~department-of-natural-resources~~ board
11 and the state, state agencies, political subdivisions of the
12 state, school districts, area education agencies, community
13 colleges, or nonprofit organizations.

14 2. For the purpose of funding its obligation to furnish
15 moneys under the financing agreements, or to fund the energy
16 loan fund created in section 473.20, the treasurer of state,
17 with the assistance of the ~~department-of-natural-resources~~
18 board, or the treasurer of state's duly authorized agents or
19 representatives, may incur indebtedness or enter into master
20 lease agreements or other financing arrangements to borrow to
21 accomplish energy conservation measures, or the ~~department-of~~
22 ~~natural-resources~~ board may enter into master lease agreements
23 or other financing arrangements to permit the state, state
24 agencies, political subdivisions of the state, school
25 districts, area education agencies, community colleges, or
26 nonprofit organizations to borrow sufficient funds to
27 accomplish the energy conservation measure. The obligations
28 may be in such form, for such term, bearing such interest and
29 containing such provisions as the ~~department-of-natural~~
30 ~~resources~~ board, with the assistance of the treasurer of
31 state, deems necessary or appropriate. Funds remaining after
32 the payment of all obligations have been redeemed shall be
33 paid into the energy loan fund.

34 3. The state, state agencies, political subdivisions of
35 the state, school districts, area education agencies,

1 community colleges, and nonprofit organizations may enter into
2 financing agreements and issue obligations necessary to carry
3 out the provisions of the chapter. Chapter 75 shall not be
4 applicable.

5 Sec. 25. Section 473.40, Code 2001, is amended to read as
6 follows:

7 473.40 STATEWIDE BUILDING ENERGY EFFICIENCY RATING SYSTEM.

8 1. The director state building code commissioner shall
9 adopt rules, pursuant to chapter 17A, establishing a statewide
10 building energy efficiency rating system. The rating system
11 shall apply to all new and existing public, commercial,
12 industrial, and residential buildings in the state. ~~and shall~~
13 ~~be established subject to the following schedule:~~

14 ~~a. --Ratings for new residential buildings by July 17, 1992.~~

15 ~~b. --Ratings for existing residential buildings by July 17,~~
16 ~~1993.~~

17 ~~c. --Ratings for new public buildings by July 17, 1994.~~

18 ~~d. --Ratings for existing public buildings by July 17, 1995.~~

19 ~~e. --Ratings for new commercial and industrial buildings by~~
20 ~~July 17, 1995.~~

21 ~~f. --Ratings for existing commercial and industrial~~
22 ~~buildings by July 17, 1995.~~

23 The director state building code commissioner shall adopt a
24 minimum acceptable energy efficiency standard for each class
25 of new buildings.

26 2. a. The energy efficiency rating shall be disclosed at
27 the request of the prospective purchaser according to the
28 terms of the offer to purchase.

29 b. The energy efficiency rating shall be disclosed to a
30 prospective lessee whose rent does not include energy cost
31 upon request.

32 c. The designer of a new residential or commercial
33 building shall state in writing to the department state
34 building code commissioner that to the best of the person's
35 knowledge, information, and belief, the new building design is

1 in substantial compliance with the minimum energy efficiency
2 standards established by rule of the department state building
3 code commissioner.

4 d. Concurrent with the disclosure of an energy efficiency
5 rating pursuant to paragraphs "a" through "c", the prospective
6 purchaser or lessee shall be provided with a copy of an
7 information brochure prepared by the department state building
8 code commissioner which includes information relevant to that
9 class of building, including, but not limited to:

10 (1) How to analyze the building's energy efficiency
11 rating.

12 (2) Comparisons to statewide averages for new and existing
13 construction of that class.

14 (3) Notice to the prospective purchaser that the seller
15 must disclose a building's energy efficiency rating upon the
16 prospective purchaser's request.

17 (4) Information concerning methods to improve a building's
18 energy efficiency rating.

19 (5) A notice for residential buyers that qualifying income
20 for mortgage loan purposes may be affected by the energy
21 efficiency rating.

22 e. A new residential, commercial, or industrial building
23 shall not be hooked up or connected to any provider of
24 electricity, whether a regulated utility, rural electric
25 cooperative, municipal utility, or otherwise; or natural gas,
26 except liquid petroleum, unless the builder states in writing
27 to the utility that to the best of the builder's knowledge,
28 information, and belief, the building was built in accordance
29 with the construction documents.

30 f. Each public building proposed for construction,
31 renovation, or acquisition shall be rated pursuant to the
32 energy efficiency rating system provided in subsection 1 prior
33 to contracting for the construction, renovation, or
34 acquisition. The public body proposing to contract for
35 construction, renovation, or acquisition for a public building

1 shall consider the energy efficiency ratings of alternatives
2 when contracting.

3 3. The energy efficiency rating system adopted by the
4 department state building code commissioner shall provide a
5 means of analyzing and comparing the relative energy
6 efficiency of buildings upon sale or lease of new or existing
7 residential, commercial, or industrial buildings. The system
8 shall provide for rating each public building in existence to
9 assist public officials in decision making with regard to
10 capital improvements and public energy costs.

11 4. The ~~director~~ state building code commissioner shall
12 establish a voluntary working group of persons and interest
13 groups interested in the energy efficiency rating system or
14 energy efficiency, including, but not limited to such persons
15 as electrical engineers, mechanical engineers, architects, and
16 builders. The interest group shall advise the department
17 state building code commissioner in the development of the
18 energy efficiency rating system and shall assist the
19 department state building code commissioner in implementation
20 of the rating system by coordinating education programs for
21 designers, builders, businesses, and other interested persons
22 to assist compliance and to facilitate incorporation of the
23 rating system into existing practices. The intent of the
24 general assembly is to encourage the consideration of the
25 energy efficiency rating system in the market, so as to
26 provide market rewards for energy efficient buildings and
27 those designing, building, or selling energy efficient
28 buildings.

29 ~~5.--All-public-buildings-shall-be-analyzed-for-energy~~
30 ~~efficiency-using-this-rating-system-by-July-17-1996.--The~~
31 ~~results-of-that-analysis-shall-be-submitted-to-the-department~~
32 ~~by-August-17-1996.--The-department-shall-submit-a-report-to~~
33 ~~the-governor-and-general-assembly-by-January-15-1997-that~~
34 ~~analyzes-the-results-of-this-evaluation-of-public-buildings~~
35 ~~and-includes-recommendations.--The-results-of-the-analysis-of~~

~~1 each building shall be submitted to the public agency or
2 governmental subdivision which owns or operates that building
3 as well:~~

4 ~~6-~~ 5. The ~~director~~ state building code commissioner shall
5 make available energy efficiency practices information to be
6 used by individuals involved in the design, construction,
7 retrofitting, and maintenance of buildings for state and local
8 governments.

9 ~~7-~~ 6. For purposes of this section:

10 a. "Builder" means the prime contractor that hires and
11 coordinates building subcontractors or if there is no prime,
12 the contractor that completes more than fifty percent of the
13 total construction work performed on the building.
14 Construction work includes, but is not limited to, foundation,
15 framing, wiring, plumbing, and finishing work.

16 b. "Designer" means the architect, engineer, landscape
17 architect, builder, interior designer or other person who
18 performs the actual design work or under whose direct
19 supervision and responsible charge the construction documents
20 are prepared.

21 c. "Public building" means a building owned or operated by
22 the state, a state agency, or a governmental subdivision,
23 including but not limited to a city, county, or school
24 district.

25 ~~8-~~ 7. The ~~director~~ state building code commissioner may
26 report an architect, professional engineer, or landscape
27 architect to the appropriate examining board if the ~~director~~
28 state building code commissioner believes the person has
29 engaged in fraudulent conduct in connection with an energy
30 efficiency rating for a building. The ~~director~~ state building
31 code commissioner may report a builder to the division of
32 labor, bureau of contractor registration, if the ~~director~~
33 state building code commissioner believes the builder has
34 engaged in fraudulent conduct in connection with an energy
5 efficiency rating for a building.

1 Sec. 26. Section 473.44, Code 2001, is amended to read as
2 follows:

3 473.44 PLUMBING PRODUCTS EFFICIENCY STANDARDS -- PENALTY.

4 1. The department state building code commissioner shall
5 adopt rules which that prescribe water use standards for each
6 product classified as a covered product under this section.
7 The standards adopted shall be designed to achieve the maximum
8 efficiency of water use which that the department state
9 building code commissioner determines is technologically and
10 economically feasible. The department state building code
11 commissioner shall consult with ~~the-state-building-code~~
12 ~~commissioner~~, the Iowa department of public health, and the
13 plumbing manufacturers' institute, and shall review all
14 applicable provisions under chapter 103A and chapter 135 in
15 establishing the standards.

16 2. A person who knowingly violates this section is subject
17 to a civil penalty of not more than one hundred dollars for
18 each violation. Local government subdivisions which enforce
19 the standards adopted under this section may collect and
20 utilize receipts from the penalties imposed for building code
21 inspections and enforcement of this section.

22 3. For the purposes of this section, "covered products"
23 means water closets, urinals, showerheads, lavatory faucets
24 and replacement aerators, and kitchen faucets and replacement
25 aerators.

26 Sec. 27. Section 476.6, Code Supplement 2001, is amended
27 by adding the following new subsection:

28 NEW SUBSECTION. 16A. POWER PURCHASE CONTRACTS.

29 a. A rate-regulated public utility may file with the board
30 for approval any contract for the purchase of electric power
31 to serve Iowa retail electric consumers if the contract meets
32 all of the following conditions:

33 (1) The contract term is for a period of five years or
34 longer.

35 (2) The power is being purchased from an electric power

1 generating facility built after 2001.

2 b. The board shall issue its decision within ninety days
3 after the public utility's filing is deemed complete.

4 c. The board shall approve the contract if it finds, after
5 a contested case proceeding, that the terms of the contract
6 are reasonable and prudent. In determining whether the terms
7 of the contract are reasonable and prudent, the board may
8 consider, but is not limited to, the following factors:

9 (1) The reliability of the new generation in Iowa.

10 (2) The economic benefits of the new generation in Iowa.

11 (3) The environmental advantages of new or more efficient
12 generation.

13 (4) The compatibility of the new generation with the
14 energy policy of the state.

15 d. Board approval of a contract shall constitute a final
16 determination of the prudence and reasonableness of the
17 contract and its terms. The board, subsequent to approval of
18 a contract, may at anytime by order compel the parties to
19 comply with the terms of the contract.

20 e. The costs of the contract shall be included in the
21 public utility's regulated retail electric rates.

22 f. Notwithstanding contrary provisions of this subsection,
23 any new wholesale contract with any supplier of electric
24 generation to provide at least one hundred megawatts of
25 electric power to a rate-regulated public utility shall be
26 subject to a competitive bidding procedure established by the
27 board. The board shall adopt rules pursuant to chapter 17A
28 regarding the filing and approval of contracts under this
29 subsection, including rules to ensure that a fair and
30 competitive bidding process is in place and that criteria for
31 approval encourages the purchase of least cost generation.

32 g. The board may employ additional temporary staff, or may
33 contract for professional services with persons who are not
34 state employees, as the board deems necessary to review
35 contracts pursuant to this subsection. Beginning July 1,

1 2002, there is appropriated out of any funds in the state
2 treasury not otherwise appropriated, such sums as may be
3 necessary to enable the board to hire additional staff and
4 contract for services under this subsection. The costs of the
5 additional staff and services shall be assessed to the
6 utilities pursuant to the procedure in section 476.10.

7 Sec. 28. Section 476.6, subsection 19, paragraph b, Code
8 2001, is amended to read as follows:

9 b. A gas and electric utility required to be rate-
10 regulated under this chapter shall assess potential energy and
11 capacity savings available from actual and projected customer
12 usage by applying commercially available technology and
13 improved operating practices to energy-using equipment and
14 buildings. The utility shall submit the assessment to the
15 board. Upon receipt of the assessment, the board shall
16 ~~consult with the energy bureau of the division of energy and~~
17 ~~geological resources of the department of natural resources to~~
18 develop specific capacity and energy savings performance
19 standards for each utility. The utility shall submit an
20 energy efficiency plan which shall include economically
21 achievable programs designed to attain these energy and
22 capacity performance standards.

23 Sec. 29. Section 476.44, Code 2001, is amended by adding
24 the following new subsection:

25 NEW SUBSECTION. 3. An electric utility subject to this
26 division may elect to own an alternate energy production
27 facility or a small hydro facility in Iowa rather than
28 purchase or wheel electricity in order to comply with the
29 requirements of section 476.43 and this section.

30 Sec. 30. NEW SECTION. 476.48 INCENTIVES FOR ALTERNATE
31 ENERGY INVESTMENTS.

32 It is the intent of the general assembly to provide
33 investment incentives for the construction of facilities to
34 generate and transmit electric power from renewable sources
35 commonly found in Iowa, in order to reduce Iowa's dependence

1 on nonrenewable fuel sources, and to emphasize the economic
2 importance of using energy sources that provide a financial
3 return to Iowans.

4 1. For purposes of determining the incentives or
5 assistance provided in this section, "eligible business" means
6 a business that invests fifty million dollars or more in Iowa
7 to construct an alternative energy production facility or
8 small hydro facility, and has been approved to receive
9 incentives and assistance by the board pursuant to
10 application. A provider of energy shall apply to the
11 utilities board in order to be evaluated as an "eligible
12 business" that is qualified for incentives and assistance
13 under this section.

14 2. The incentives and assistance provided under this
15 section for eligible businesses shall be for a period not to
16 exceed ten years and shall include all of the following:

17 a. Sales, services, and use tax refund, as provided in
18 section 15.331A, as if the eligible business were an eligible
19 business under chapter 15, subchapter II, part 13.

20 b. Investment tax credit, as provided in section 15.333,
21 as if the eligible business were an eligible business under
22 chapter 15, subchapter II, part 13. The investment tax credit
23 can be used as a credit against income tax under chapter 422,
24 franchise tax imposed upon financial institutions pursuant to
25 section 422.60, or premium tax imposed upon insurance
26 companies pursuant to chapter 432.

27 c. Research activities credit, as provided in section
28 15.335, as if the eligible business were an eligible business
29 under chapter 15, subchapter II, part 13.

30 d. The county or city for which an eligible business is
31 certified may exempt from all property taxation all or a
32 portion of the value added to the property upon which an
33 eligible business locates or expands and which is used in the
34 operation of the eligible business. The amount of value added
35 for purposes of this paragraph shall be the amount of the

1 increase in assessed valuation of the property following the
2 location or expansion of the business. If an exemption
3 provided pursuant to this paragraph is made applicable to only
4 a portion of the property, the definition of that subset of
5 eligible property must be by uniform criteria that further
6 some planning objective established by the city or county
7 zoning commission and approved by the eligible city or county.
8 The exemption may be allowed for a period not to exceed ten
9 years beginning the year the eligible business enters into an
10 agreement with the county or city to locate or expand
11 operations.

12 3. The utilities board is charged with responsibility for
13 administering this section and sections 476.48B and 476.48C.

14 Sec. 31. NEW SECTION. 476.48A DEFINITIONS.

15 As used in this section and section 476.48B, unless the
16 context otherwise provides:

17 1. "Local governing body" means the council, board of
18 supervisors, or other legislative body charged with governing
19 the municipality or other political subdivision.

20 2. "Low or moderate income families" means those families,
21 including single person households, earning no more than
22 eighty percent of the higher of the median family income of
23 the county or the statewide nonmetropolitan area as determined
24 by the latest United States department of housing and urban
25 development, section 8 income guidelines.

26 3. "Real property" shall include all lands, including
27 improvements and fixtures thereon, and property of any nature
28 appurtenant thereto, or used in connection therewith, and
29 every estate, interest, right and use, legal or equitable,
30 therein, including terms for years and liens by way of
31 judgment, mortgage or otherwise.

32 4. "Renewable energy zone" means an area, or combination
33 of areas, which the local governing body, after submission and
34 approval by the utilities board, designates as appropriate for
35 a renewable energy zone project.

1 5. "Renewable energy zone plan" means a plan for the
2 development, redevelopment, improvement, or rehabilitation of
3 a designated renewable energy zone, as it exists from time to
4 time. The plan shall meet the following requirements:

5 a. Conform to the general plan for the local governing
6 body.

7 b. Be sufficiently complete to indicate the real property
8 located in the renewable energy zone to be acquired for the
9 proposed development, redevelopment, improvement, or
10 rehabilitation, and to indicate any zoning district changes,
11 existing and future land uses, and the local objectives
12 respecting development, redevelopment, improvement, or
13 rehabilitation related to the future land use plan, and need
14 for improved traffic, public transportation, public utilities,
15 recreational and community facilities, and other public
16 improvements within the renewable energy zone.

17 c. If the plan includes a provision for the division of
18 taxes as provided in section 476.48B, the plan shall also
19 include a list of the current general obligation debt of the
20 local governing body, the current constitutional debt limit of
21 the local governing body, and the proposed amount of
22 indebtedness to be incurred, including loans, advances,
23 indebtedness, or bonds that qualify for payment from the
24 special fund referred to in section 476.48B, subsection 2.

25 6. "Renewable energy zone project" may include
26 undertakings and activities of a local governing body in a
27 renewable energy zone for the development of alternate energy,
28 may include the designation and development of an economic
29 development area in a renewable energy zone, and may involve
30 redevelopment in a renewable energy zone, or rehabilitation or
31 conservation in a renewable energy zone, or any combination or
32 part thereof in accordance with a renewable energy zone plan.
33 The undertakings and activities may include:

34 a. Acquisition of a slum area, blighted area, economic
5 development area, or portion of the areas.

- 1 b. Demolition and removal of buildings and improvements.
2 c. Installation, construction, or reconstruction of
3 streets, utilities, parks, playgrounds, and other improvements
4 necessary for carrying out the objectives of the renewable
5 energy zone in accordance with the renewable energy zone plan.
6 d. Disposition of any property acquired in a renewable
7 energy zone, including sale, initial leasing, or retention by
8 the local governing body itself, at its fair value for uses in
9 accordance with the renewable energy zone plan.
10 e. Carrying out plans for a program of voluntary or
11 compulsory repair and rehabilitation of buildings or other
12 improvements in accordance with the renewable energy zone
13 plan.
14 f. Acquisition of any other real property, where necessary
15 to provide land for needed public facilities.
16 g. Sale and conveyance of real property in furtherance of
17 a renewable energy zone project.

18 Sec. 32. NEW SECTION. 476.48B DIVISION OF REVENUE FROM
19 TAXATION -- TAX INCREMENT FINANCING.

20 A local governing body may provide by ordinance that taxes
21 levied on taxable property in a renewable energy zone each
22 year by or for the benefit of the state, city, county, school
23 district, or other taxing district, shall be divided as
24 follows:

- 25 1. a. Unless otherwise provided in this section, that
26 portion of the taxes which would be produced by the rate at
27 which the tax is levied each year by or for each of the taxing
28 districts upon the total sum of the assessed value of the
29 taxable property in the renewable energy zone, as shown on the
30 assessment roll as of January 1 of the calendar year preceding
31 the first calendar year in which the local governing body
32 certifies to the county auditor the amount of loans, advances,
33 indebtedness, or bonds payable from the division of property
34 tax revenue, shall be allocated to, and when collected be paid
35 into, the fund for the respective taxing district as taxes by

1 or for the taxing district into which all other property taxes
2 are paid. However, the local governing body may choose to
3 divide that portion of the taxes which would be produced by
4 levying the local governing body's portion of the total tax
5 rate levied by or for the local governing body upon the total
6 sum of the assessed value of the taxable property in the
7 renewable energy zone, as shown on the assessment roll as of
8 January 1 of the calendar year preceding the effective date of
9 the ordinance and if the local governing body so chooses, an
10 affected taxing entity may allow a local governing body to
11 divide that portion of the taxes that would be produced by
12 levying the affected taxing district's portion of the total
13 tax rate levied by or for the affected taxing entity upon the
14 total sum of the assessed value of the taxable property in the
15 renewable energy zone, as shown on the assessment roll as of
16 January 1 of the calendar year preceding the effective date of
17 the ordinance.

18 b. For the purpose of allocating taxes levied by or for
19 any taxing district that did not include the territory in a
20 renewable energy zone on the effective date of the ordinance
21 or initial adoption of the plan, but to which the territory
22 has been annexed or otherwise included after the effective
23 date, the assessment roll applicable to property in the
24 annexed territory as of January 1 of the calendar year
25 preceding the effective date of the ordinance, which amends
26 the plan to include the annexed area, shall be used in
27 determining the assessed valuation of the taxable property in
28 the annexed area.

29 c. For the purposes of dividing taxes under section
30 260E.4, the applicable assessment roll for purposes of
31 paragraph "a" shall be the assessment roll as of January 1 of
32 the calendar year preceding the first written agreement
33 providing that all or a portion of program costs are to be
34 paid for by incremental property taxes. The community college
35 shall file a copy of the agreement with the appropriate

1 assessor. The assessor may, within fourteen days of such
2 filing, physically inspect the applicable taxable business
3 property. If upon such inspection the assessor determines
4 that there has been a change in the value of the property from
5 the value as shown on the assessment roll as of January 1 of
6 the calendar year preceding the filing of the agreement and
7 such change in value is due to new construction, additions or
8 improvements to existing structures, or remodeling of existing
9 structures for which a building permit was required, the
10 assessor shall promptly determine the value of the property as
11 of the inspection in the manner provided in chapter 441 and
12 that value shall be included for purposes of the jobs training
13 project in the assessed value of the employer's taxable
14 business property as shown on the assessment roll as of
15 January 1 of the calendar year preceding the filing of the
16 agreement. The assessor, within thirty days of such filing,
17 shall notify the community college and the employer or
18 business of that valuation which shall be included in the
19 assessed valuation for purposes of this subsection and section
20 260E.4. The value determined by the assessor shall reflect
21 the change in value due solely to new construction, additions
22 or improvements to existing structures, or remodeling of
23 existing structures for which a building permit was required.

24 2. That portion of the taxes each year in excess of such
25 amount shall be allocated to and when collected be paid into a
26 special fund of the local governing body to pay the principal
27 of and interest on loans, moneys advanced to, or indebtedness,
28 whether funded, refunded, assumed, or otherwise, including
29 bonds issued under the authority of section 476.48C, incurred
30 by the local governing body to finance or refinance, in whole
31 or in part, a renewable energy zone project within the area,
32 except that taxes for the regular and voter-approved physical
33 plant and equipment levy of a school district imposed pursuant
34 to section 298.2 and taxes for the payment of bonds and
35 interest of each taxing district must be collected against all

1 taxable property within the taxing district without limitation
2 by the provisions of this subsection. Such school district
3 shall pay over the amount certified by November 1 and May 1 of
4 the fiscal year following certification to the school
5 district. Unless and until the total assessed valuation of
6 the taxable property in a renewable energy zone exceeds the
7 total assessed value of the taxable property in such area as
8 shown by the last equalized assessment roll referred to in
9 subsection 1, all of the taxes levied and collected upon the
10 taxable property in the renewable energy zone shall be paid
11 into the funds for the respective taxing districts as taxes by
12 or for the taxing districts in the same manner as all other
13 property taxes. When such loans, advances, indebtedness, and
14 bonds, if any, and interest thereon, have been paid, all
15 moneys thereafter received from taxes upon the taxable
16 property in such renewable energy zone shall be paid into the
17 funds for the respective taxing districts in the same manner
18 as taxes on all other property.

19 3. The portion of taxes mentioned in subsection 2 and the
20 special fund into which they shall be paid may be irrevocably
21 pledged by a local governing body for the payment of the
22 principal and interest on loans, advances, bonds issued under
23 the authority of section 476.48C, or indebtedness incurred by
24 a local governing body to finance or refinance, in whole or in
25 part, the renewable energy zone project within the area.

26 4. As used in this section, the word "taxes" includes, but
27 is not limited to, all levies on an ad valorem basis upon land
28 or real property.

29 5. A local governing body shall certify to the county
30 auditor on or before December 1 the amount of loans, advances,
31 indebtedness, or bonds which qualify for payment from the
32 special fund referred to in subsection 2, and the filing of
33 the certificate shall make it a duty of the auditor to provide
34 for the division of taxes in each subsequent year until the
35 amount of the loans, advances, indebtedness, or bonds is paid

1 to the special fund. In any year, the county auditor shall,
2 upon receipt of a certified request from a local governing
3 body filed on or before December 1, increase the amount to be
4 allocated under subsection 1 in order to reduce the amount to
5 be allocated in the following fiscal year to the special fund,
6 to the extent that the local governing body does not request
7 allocation to the special fund of the full portion of taxes
8 that could be collected. Upon receipt of a certificate from a
9 local governing body, the auditor shall mail a copy of the
10 certificate to each affected taxing district.

11 6. Tax collections within each taxing district may be
12 allocated to the entire taxing district, including the taxes
13 on the valuations determined under subsection 1 and to the
14 special fund created under subsection 2 in the proportion of
15 their taxable valuations determined as provided in this
16 section.

17 Sec. 33. NEW SECTION. 476.48C ISSUANCE OF BONDS.

18 1. A local governing body shall have power to periodically
19 issue bonds in its discretion to pay the costs of carrying out
20 the purposes and provisions of section 476.48B, including, but
21 not limited to, the payment of principal and interest upon any
22 advances for surveys and planning, and the payment of interest
23 on bonds, not to exceed three years from the date the bonds
24 are issued. The local governing body shall have power to
25 issue refunding bonds for the payment or retirement of such
26 bonds previously issued by it. The bonds shall be payable
27 solely from the income and proceeds of the fund and portion of
28 taxes referred to in section 476.48B, subsection 2, and
29 revenues and other funds of the local governing body derived
30 from or held in connection with the undertaking and carrying
31 out of renewable energy zone projects under section 476.48B.
32 The local governing body may pledge to the payment of the
33 bonds the fund and portion of taxes referred to in section
34 476.48B, subsection 2, and may further secure the bonds by a
35 pledge of any loan, grant, or contribution from the federal

1 government or other source in aid of any renewable energy zone
2 projects of the local governing body, or by a mortgage of any
3 such renewable energy zone projects, or any part thereof,
4 title of which is vested in the local governing body.

5 2. Bonds issued under this section shall not constitute an
6 indebtedness within the meaning of any constitutional or
7 statutory debt limitation or restriction, and shall not be
8 subject to the provisions of any other law or charter relating
9 to the authorization, issuance, or sale of bonds. Bonds
10 issued under the provisions of this section are declared to be
11 issued for an essential public and governmental purpose and,
12 together with interest on the bonds and income from the bonds,
13 shall be exempted from all taxes.

14 3. Bonds issued under this section shall be authorized by
15 resolution or ordinance of the local governing body and may be
16 issued in one or more series and shall bear such date or
17 dates, be payable upon demand or mature at such time or times,
18 bear interest at such rate or rates not exceeding that
19 permitted by chapter 74A, be in such denomination or
20 denominations, be in such form either coupon or registered,
21 carry such conversion or registration privileges, have such
22 rank or priority, be executed in such manner, be payable in
23 such medium of payment, at such place or places, and be
24 subject to such terms of redemption, with or without premium,
25 be secured in such manner, and have such other
26 characteristics, as may be provided by such resolution or
27 trust indenture or mortgage issued pursuant thereto.

28 Before the local governing body may institute proceedings
29 for the issuance of bonds under this section, a notice of the
30 proposed action, including a statement of the amount and
31 purposes of the bonds and the time and place of the meeting at
32 which the local governing body proposes to take action for the
33 issuance of the bonds, must be published as provided in
34 section 362.3. At the meeting, the local governing body shall
35 receive oral or written objections from any resident or

1 property owner of the local governing body. After all
2 objections have been received and considered, the local
3 governing body, at that meeting or any subsequent meeting, may
4 take additional action for the issuance of the bonds or
5 abandon the proposal to issue the bonds. Any resident or
6 property owner of the local governing body may appeal the
7 decision of the local governing body to take additional action
8 to the district court of the county in which any part of the
9 local governing body is located, within fifteen days after the
10 additional action is taken. The additional action of the
11 local governing body is final and conclusive unless the court
12 finds that the local governing body exceeded its authority.

13 4. Such bonds may be sold at not less than ninety-eight
14 percent of par at public or private sale, or may be exchanged
15 for other bonds at not less than ninety-eight percent of par.

16 5. In case any of the public officials of the local
17 governing body whose signatures appear on any bonds or coupons
18 issued under this section shall cease to be such officials
19 before the delivery of such bonds, such signatures shall,
20 nevertheless, be valid and sufficient for all purposes, the
21 same as if such officials had remained in office until such
22 delivery. Any provision of any law to the contrary
23 notwithstanding, any bonds issued pursuant to this section
24 shall be fully negotiable.

25 6. In any suit, action, or proceeding involving the
26 validity or enforceability of any bond issued under this
27 section or the security for such bonds, any such bond reciting
28 in substance that it has been issued by the local governing
29 body in connection with a renewable energy zone project, as
30 defined in section 476.48A, shall be conclusively deemed to
31 have been issued for such purpose and such project shall be
32 conclusively deemed to have been planned, located, and carried
33 out in accordance with the provisions of this section.

34 Sec. 34. Section 478.1, Code 2001, is amended to read as
35 follows:

478.1 FRANCHISE.

2 1. A person shall not construct, erect, maintain, or
3 operate a transmission line, wire, or cable which that is
4 capable of operating at an electric voltage of thirty-four-and
5 one-half sixty-nine kilovolts or more along, over, or across
6 any public highway or grounds outside of cities for the
7 transmission, distribution, or sale of electric current,
8 without first procuring from the utilities board within the
9 utilities division of the department of commerce a franchise
10 granting authority as provided in this chapter. However,-a

11 2. A franchise shall not be required for electric lines
12 constructed entirely within the boundaries of property owned
13 by a person primarily engaged in the transmission or
14 distribution of electric power or entirely within the
15 boundaries of property owned by the end user of the electric
16 power.

17 3. If the transmission line, wire, or cable is capable of
operating only at an electric voltage of less than thirty-four
18 and-one-half sixty-nine kilovolts, no franchise is required.
20 However, the utilities board shall retain jurisdiction over
21 all such lines, wires, or cables.

22 4. A person who seeks to construct, erect, maintain, or
23 operate a transmission line, wire, or cable which that will
24 operate at an electric voltage of less than thirty-four-and
25 one-half sixty-nine kilovolts outside of cities and which that
26 cannot secure the necessary voluntary easements to do so may
27 petition the board pursuant to section 478.3, subsection 1,
28 for a franchise granting authority for such construction,
29 erection, maintenance, or operation, and for the use of the
30 right of eminent domain.

31 Sec. 35. Section 478.2, Code 2001, is amended to read as
32 follows:

33 478.2 PETITION FOR FRANCHISE -- INFORMATIONAL MEETINGS
34 HELD.

35 1. Any person,-corporation,-or-company authorized to

1 transact business in the state including cities may file a
2 verified petition asking for a franchise to erect, maintain,
3 and operate a line or lines for the transmission,
4 distribution, use, and sale of electric current outside cities
5 and for such purpose to erect, use, and maintain poles, wires,
6 guy wires, towers, cables, conduits, and other fixtures and
7 appliances necessary for conducting electric current for
8 light, heat, or power over, along, and across any public
9 lands, highways, streams, or the lands of any person, company,
10 or corporation, and to acquire necessary interests in real
11 estate for such purposes.

12 2. As conditions precedent to the filing of a petition
13 with the utilities board requesting a franchise for a new
14 transmission line, and not less than thirty days prior to the
15 filing of such petition, the person~~7-company7-or-corporation~~
16 shall hold informational meetings in each county in which real
17 property or rights therein will be affected.

18 a. A member of the board, the counsel of the board, or a
19 hearing examiner designated by the board shall serve as the
20 presiding officer at each meeting, shall present an agenda for
21 such meeting which shall include a summary of the legal rights
22 of the affected landowners, and shall distribute and review
23 the statement of individual rights required under section
24 6B.2A, subsection 1. A formal record of the meeting shall not
25 be required.

26 b. The meeting shall be held at a location reasonably
27 accessible to all persons~~7-companies7-or-corporations-which~~
28 that may be affected by the granting of the franchise.

29 3. The person~~7-company7-or-corporation~~ seeking the
30 franchise for a new transmission line shall give notice of the
31 informational meeting to each person, company, or corporation
32 determined to be the landowner affected by the proposed
33 project and any person, company, or corporation in possession
34 of or residing on the property.

35 a. For the purposes of this section, "~~landowner~~" unless

1 the context otherwise requires:

2 (1) "Landowner" means a person, ~~company, or corporation~~
3 listed on the tax assessment rolls as responsible for the
4 payment of real estate taxes imposed on the property and
5 "transmission."

6 (2) "Transmission line" means any line capable of
7 operating at ~~thirty-four-and-one-half~~ sixty-nine kilovolts or
8 more and extending a distance of not less than one mile across
9 privately owned real estate.

10 b. The notice shall ~~set-forth~~ contain the following:

11 (1) The name of the applicant, ~~state-the.~~

12 (2) The applicant's principal place of business, ~~state~~
13 the.

14 (3) A general description and purpose of the proposed
15 project, ~~state-the.~~

16 (4) The general nature of the right-of-way desired, ~~state~~
17 the.

18 (5) The possibility that the right-of-way may be acquired
19 by condemnation if approved by the utilities board, ~~provide-a.~~

20 (6) A map showing the route of the proposed project,
21 provide-a.

22 (7) A description of the process used by the utilities
23 board in making a decision on whether to approve a franchise
24 or grant the right to take property by eminent domain, ~~advise.~~

25 (8) A statement that the landowner has the right to be
26 present at such meetings and to file objections with the
27 utilities board, ~~designate-the.~~

28 (9) The place and time of the meeting, .

29 c. The notice shall be served not less than thirty days
30 prior to the time set for the meeting by certified mail with
31 return receipt requested, and shall be published once in a
32 newspaper of general circulation in the county at least one
33 week and not more than three weeks before the time of the
34 meeting and such publication shall be considered notice to
35 landowners whose residence is not known.

1 for alternate energy projects, providing for approval of
2 utility power purchase contracts, changing the voltage
3 threshold for electric line franchises, and reassigning
4 responsibilities of the energy bureau of the department of
5 natural resources.

6 The bill adds new Code sections 476.48 through 476.48C,
7 which provide various tax credits for businesses that invest
8 \$50 million or more in Iowa by building an alternate energy
9 production facility or small hydro facility, and is approved
10 to receive the incentives and assistance by the utilities
11 board after submitting an application. The incentive period
12 lasts 10 years. The tax incentives in new Code section 476.48
13 may include a property tax exemption for the value added to
14 the property, if so exempted by the city or county where the
15 business is located.

16 New Code section 476.48B provides for tax increment
17 financing (TIF) for renewable energy zones, constructed
18 similarly to the existing TIF statute for urban renewal
19 districts in Code section 403.19. Definitions for the new
20 Code section are contained in Code section 476.48A, and
21 bonding provisions are provided in Code section 476.48C. New
22 Code sections 476.48 through 476.48C take effect upon
23 enactment, and apply retroactively to January 1, 2002, for tax
24 years beginning on or after that date.

25 The bill adds a new subsection to Code section 476.6
26 regarding board approval of contracts to purchase power by
27 rate-regulated public utilities. If the contract meets all of
28 the following criteria, the utility shall file the contract
29 with the board, and may recover the costs of the contract in
30 regulated retail electric rates: (1) the contract is for five
31 years or longer; (2) the power is being purchased from an
32 electric power generation facility built after 2001. The
33 board shall approve the contract if, after a contested case
34 proceeding, it finds that the terms of the contract are
35 reasonable and prudent. Approval by the board shall

1 constitute a final determination of the prudence and
2 reasonableness of the contract and its terms, and the board
3 may order the parties to comply with the terms of the
4 contract. The board is authorized to contract for additional
5 temporary staff as necessary to review such contracts. Any
6 new wholesale contract for 100 megawatts or more is subject to
7 competitive bidding regulations established by the board.

8 The bill allows public electric utilities to own alternate
9 energy production facilities or small hydro facilities to
10 satisfy their obligation for renewable energy under Code
11 sections 476.43 and 476.44.

12 The bill also increases the transmission line franchise
13 requirement threshold in Code chapter 478 from 34.5 kilovolts
14 to 69 kilovolts, by making changes in Code sections 478.1,
15 478.2, 478.3, and 478.13. The bill divides some existing Code
16 sections into subsections, paragraphs, and subparagraphs, and
17 makes some grammatical changes. The bill deletes several
18 redundant references to "person, company or corporation" in
19 Code section 478.2, using instead the simpler "person", which
20 is defined in Code section 4.1, subsection 20, as an
21 "individual, corporation, limited liability company,
22 government or governmental subdivision or agency, business
23 trust, estate, trust, partnership or association, or any other
24 legal entity". This portion of the bill is effective upon
25 enactment.

26 The bill also reassigns the responsibilities of the energy
27 bureau of the department of natural resources, renames the
28 energy and geological resources division, and removes
29 authority over Code chapter 473 from the department of natural
30 resources.

31 Most of the energy responsibilities under Code chapter 473
32 are reassigned to the utilities board within the utilities
33 division of the department of commerce, and appropriate
34 changes are made to that effect throughout Code chapter 473.
35 Certain emergency energy functions in Code sections 473.8 and

1 473.10 are assigned to the emergency management division of
2 the department of public defense. Duties regarding monthly
3 fuel price surveys and sharing of information regarding fuel
4 allocation are assigned to the department of agriculture and
5 land stewardship under new Code section 473.7A, moved from
6 former subsections of Code section 473.7. The state building
7 code commissioner is reassigned responsibility for building
8 efficiency rating systems under Code section 473.40, exit
9 signs under Code section 473.42, and efficient plumbing
10 products under Code section 473.44.

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