

Sec. 4. This Act, being deemed of immediate importance, takes effect from and after its publication in *The Messenger*, a newspaper published in Fort Dodge, Iowa, and in the *North Iowa Times*, a newspaper published in McGregor, Iowa.

Approved May 20, 1986

I hereby certify that the foregoing Act, House File 2490, was published in *The Messenger*, Fort Dodge, Iowa, on May 24, 1986, and in the *North Iowa Times*, McGregor, Iowa, on May 28, 1986.

MARY JANE ODELL, *Secretary of State*

CHAPTER 1249

OIL OVERCHARGE FUNDS APPROPRIATION

S.F. 2305

AN ACT relating to the use and appropriation of oil overcharge funds and the establishment of an energy conservation trust fund and an agricultural energy management fund.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. **DECLARATION OF LEGISLATIVE INTENT.** The purpose of this Act is to provide for the expenditure of a portion of the funds to be allocated and disbursed to the state and citizens of Iowa under the decision in the case of *United States v. Exxon Corporation*. The intent of this Act is to expend these funds fully within the letter and spirit of the guidelines established in the decision in that case. These guidelines include use of the funds under one or more of the following five existing federal energy conservation programs: (1) the program under part A of the Energy Conservation in Existing Buildings Act of 1976, 42 U.S.C. § 6861 et seq.; (2) the programs under part D of Title III of the Energy Policy and Conservation Act, 42 U.S.C. § 6321 et seq.; (3) the program under part G of Title III of the Energy Policy and Conservation Act, 42 U.S.C. § 6371 et seq.; (4) the program under the National Energy Extension Service Act, 42 U.S.C. § 7001 et seq.; and (5) the program under the Low-Income Home Energy Assistance Act of 1981, 42 U.S.C. § 8621 et seq. These programs include weatherization of buildings; implementing state energy conservation programs; cutting energy consumption in, or finding cheaper alternate energy sources for, schools and hospitals; promoting conservation by small businesses and individuals; and helping indigent people pay home utility bills. The purpose of the domestic petroleum price regulations that were violated by Exxon Corporation was to keep oil prices down, to relieve consumers of some of the burden of towering oil costs. The five energy conservation programs identified in the court decision operate to reduce that same burden, either by reducing overall consumption through conservation or by direct financial assistance to those most in need.

Sec. 2. **NEW SECTION. 93.11 ENERGY CONSERVATION TRUST FUND — ESTABLISHED — RECEIPTS AND DISBURSEMENTS.**

1. A separate account is created in the state treasury to be known as the energy conservation trust fund. Notwithstanding section 453.7, interest and earnings on investments from the moneys in the fund shall be credited to the fund. This state on behalf of itself, its citizens, and its political subdivisions accepts any moneys awarded or allocated to the state, its citizens, or its political subdivisions as a result of the 1985 federal court decision finding Exxon Corporation in violation of federal petroleum pricing regulations and requiring Exxon Corporation to pay the amount of the judgment in the case, plus accrued interest, to a federal escrow account for distribution by the United States department of energy to the states for use in one or more of the five federal energy programs specified in Pub. L. No. 97-377, § 155, 96 Stat. 1830, 1919 (1982). The moneys shall be deposited in the energy conservation trust fund.

The energy conservation trust fund is established to provide for an orderly, efficient, and effective mechanism to make maximum use of funds available to this state, pursuant to federal court cases involving the violation of federal petroleum pricing regulations, in order to increase energy conservation efforts and thereby to save the citizens of this state energy expenditures.

The moneys received pursuant to the federal court decision involving Exxon Corporation shall be expended, to the extent possible, over a period of no more than six years.

2. The treasurer of state shall be the custodian of the energy conservation trust fund and shall invest the moneys in the fund, in consultation with the energy fund disbursement council established in subsection 3 and the investment board of the Iowa public employees' retirement system, in accordance with the following guidelines:

a. To maximize the rate of return on moneys in the fund while providing sufficient liquidity to make fund disbursements, including contingency disbursements.

b. To absolutely insure the fund against loss.

c. To use such investment tools as are necessary to achieve these purposes.

3. An energy fund disbursement council is established. The council shall be composed of the governor or the governor's designee, the director of the department of management, who shall serve as the council's chairperson, the administrator of the division of community action agencies of the department of human rights, the administrator of the energy and geological resources division of the department of natural resources, and a designee of the director of the department of transportation, who is knowledgeable in the field of energy conservation. The council shall be staffed by the energy and geological resources division of the department of natural resources. The attorney general shall provide legal assistance to the council.

The council shall:

a. Oversee the investment of moneys deposited in the energy conservation trust fund.

b. Make recommendations to the governor and the general assembly regarding annual appropriations from the energy conservation trust fund.

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

d. Monitor expenditures from the fund.

e. Approve any grants or contracts awarded from the energy conservation trust fund in excess of five thousand dollars.

f. Prepare, in conjunction with the energy and geological resources division, an annual report to the governor and the general assembly regarding earnings of and expenditures from the energy conservation trust fund.

4. The administrator of the energy and geological resources division of the department of natural resources shall be the administrator of the energy conservation trust fund. The administrator shall disburse moneys from the fund appropriated by the general assembly, in accordance with the applicable federal court order and other related federal law and regulations, subject to the approval of the energy fund distribution council where applicable. The council, after consultation with the attorney general, shall immediately approve the disbursement of moneys from the fund for projects which meet the strict guidelines of the five existing federal energy conservation programs specified in Pub. L. No. 97-377, § 155, 96 Stat. 1830, 1919 (1982). The council shall approve the disbursement of moneys from the fund for other projects only if the projects meet one or more of the following conditions:

a. The projects meet the guidelines for allowable projects under a modification order entered by the federal court in the case involving Exxon Corporation.

b. The projects meet the guidelines for allowable projects under a directive order entered by the federal court in the case involving Exxon Corporation.

c. The projects meet the guidelines for allowable projects under regulations adopted or written clarifications issued by the United States department of energy.

Sec. 3. NEW SECTION. 467E.1 AGRICULTURAL ENERGY MANAGEMENT FUND.

1. The agricultural energy management fund is created within the department of agriculture and land stewardship. The fund shall be used to finance education and demonstration projects regarding tillage practices and the management of fertilizer and pesticide use which result in management practices that reduce energy inputs in agriculture and reduce potential for groundwater contamination.

2. An agricultural energy management advisory council is established which shall consist of the secretary of agriculture and the chief administrator of each of the following organizations or the administrator's designee:

- a. The energy and geological resources division of the department of natural resources.
- b. The environmental protection division of the department of natural resources.
- c. Iowa state university of science and technology college of agriculture.
- d. Iowa state university of science and technology college of engineering.
- e. Iowa state water resource research institute.
- f. State university of Iowa department of preventative medicine and environmental health.
- g. Division of soil conservation of the department of agriculture and land stewardship.
- h. Iowa cooperative extension service in agriculture and home economics.

The secretary of agriculture shall be the chairperson of the council. The presiding officers of the senate and house shall each appoint two nonvoting members, not more than one of any one political party, to serve on the advisory council for a term of two years. The council may invite the administrators of the United States geological survey and the federal environmental protection agency to each appoint a person to meet with the council in an advisory capacity. The council shall meet quarterly or upon the call of the chairperson. The council shall review possible uses of the funds and the effectiveness of current and past expenditures of the fund. The council shall make recommendations to the department of agriculture and land stewardship on the uses of the fund.

3. The department of agriculture and land stewardship shall report annually to the standing committees on energy and environmental protection of the house and senate on the projects conducted with the agricultural energy management fund.

Sec. 4. ENERGY CONSERVATION TRUST FUND APPROPRIATIONS. There is appropriated from the funds available in the energy conservation trust fund, established in section 93.11, for the fiscal year beginning July 1, 1986, and ending June 30, 1987, to the energy and geological resources division of the department of natural resources for disbursement under section 93.11, the following amounts, or so much thereof as is necessary, to be used for the purposes designated consistent with the expressed legislative intent of this Act:

	1986-1987
	<u>Fiscal Year</u>
1. For energy weatherization projects, to be transferred to the division of community action agencies of the department of human rights for weatherization efforts under the federal weatherization program, including the use of the moneys in the most effective manner to conserve energy such as retrofitting furnaces and boilers and providing for the acquisition of new furnaces and boilers	\$ 1,500,000
2. For qualifying energy conservation programs for low-income persons, including but not limited to energy weatherization projects	\$ 1,500,000
3. For energy audits and engineering analyses of public buildings pursuant to the requirements of House File 2387, if enacted by the Seventy-first General Assembly	\$ 1,500,000

4. For energy conservation grants and contracts to be used to fund, on a competitive basis, cost-effective and environmentally sound energy conservation and renewable resource projects which meet the guidelines of one or more of the five federal energy programs specified in Pub. L. No. 97-377, § 155, 96 Stat. 1830, 1919 (1982)	\$	900,000
5. For deposit in the agricultural energy management fund created in section 467E.1 for use by the division of soil conservation of the department of agriculture and land stewardship	\$	1,000,000
6. For energy conservation expenditures related to the highway system which will conserve energy by improving traffic flow, reducing traffic congestion, or improving traffic safety, to be transferred to the department of transportation ..	\$	3,000,000
7. For energy conservation expenditures related to mass transit which will aid rural and community-based transit and vanpooling, aid ride-sharing and carpooling programs, and provide new or additional commuter services, to be transferred to the department of transportation	\$	1,700,000
8. To be transferred to the state board of regents for technical assistance studies to identify potential energy conservation opportunities within their buildings, funding of fifty percent matching grants for the installation of cost-effective energy conservation measures identified in the studies, and energy extension projects	\$	1,500,000
9. For a solar ethanol project to be administered by the center for industrial research and service	\$	150,000

Sec. 5. ADMINISTRATIVE FUNDS. Notwithstanding section 93.14, not more than five hundred thousand (500,000) dollars of the funds in the energy research and development fund may be used for the administration of the energy programs funded under section 4, subsections 1 through 4 of this Act.

Sec. 6. REQUEST TO MODIFY COURT ORDER. The administrator of the energy and geological resources division of the department of natural resources, in collaboration with the attorney general, shall request the federal court to modify its order in the case involving Exxon Corporation to allow use of the moneys deposited in the energy conservation trust fund, established in section 93.11, to defray the costs associated with the federal court case and with administering the distribution of the moneys in the fund and to allow the use of the moneys in the fund in a manner fully consistent with achieving the energy conservation goals of this Act.

Sec. 7. FUTURE REPEAL. Section 93.11, Code 1985, is repealed effective July 1, 1992.

Sec. 8. FUND CARRYOVERS. Notwithstanding section 8.33, all unencumbered or unobligated moneys remaining from the funds which were apportioned to this state under Pub. L. No. 97-377 and which were appropriated under 1983 Iowa Acts, chapter 207, section 5, and under 1983 Iowa Acts, chapter 202, section 21, as well as any interest accrued in the petroleum overcharge fund through June 30, 1986 are appropriated to the energy policy council or its successor agency to continue the programs established under 1983 Iowa Acts, chapter 207, section 5, as amended by 1985 Iowa Acts, chapter 265, sections 3 and 4, and under 1983 Iowa Acts, chapter 202, section 21, during the fiscal year beginning July 1, 1986.

Approved May 22, 1986