



Substitute Senate Bill No. 1263

Public Act No. 07-64

AN ACT CONCERNING THE CONSOLIDATION OF ENERGY CONSERVATION LOAN PROGRAM STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 16a-40b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(a) The commissioner, acting on behalf of the state, may, with respect to loans for which funds have been authorized by the State Bond Commission prior to July 1, 1992, in his discretion make low-cost loans or deferred loans to residents of this state for the purchase and installation in residential structures of insulation, alternative energy devices, energy conservation materials and replacement furnaces and boilers, approved in accordance with regulations to be adopted by the Secretary of the Office of Policy and Management. In the purchase and installation of insulation in new residential structures, only that insulation which exceeds the requirements of the State Building Code shall be eligible for such loans or deferred loans. The commissioner may also make low-cost loans or deferred loans to persons in the state residing in dwellings constructed not later than December 31, 1979, and for which the primary source of heating since such date has been [electricity, for the purchase of a secondary heating system using a source of heat other than electricity or for the conversion of a primary

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electric heating system to a system using a source of heat other than electricity] electric resistance, for (1) the purchase and installation of a high-efficiency secondary heating system using a source of heat other than electric resistance, (2) the conversion of a primary electric heating system to a high-efficiency system using a source of heat other than electric resistance, or (3) the purchase and installation of a high-efficiency combination heating and cooling system. As used in this subsection, "high-efficiency" means having a seasonal energy efficiency ratio of 11.0 or higher, or a heating season performance factor of 7.2 or higher, as designated by the American Refrigeration Institute in the Directory of Certified Unitary Air Conditioners, Air Source Heat Pumps and Outdoor Unitary Equipment, as from time to time amended, or an equivalent ratio for a fossil fuel system.

(b) Except as provided under subsection (c) of this section, any such loan or deferred loan shall be available only for a residential structure containing not more than four dwelling units, shall be not less than four hundred dollars and not more than [six] fifteen thousand dollars per structure and, with respect to any application received on or after November 29, 1979, shall be made only to an applicant who submits evidence, satisfactory to the commissioner, that the adjusted gross income of the household member or members who contribute to the support of his household was not in excess of one hundred fifty per cent of the median area income by household size. In the case of a deferred loan, the contract shall require that payments on interest are due immediately but that payments on principal may be made at a later time. Repayment of all loans made under this subsection shall be subject to a rate of interest to be determined in accordance with subsection (t) of section 3-20 and such terms and conditions as the commissioner may establish. The State Bond Commission shall establish a range of rates of interest payable on all loans under this subsection and shall apply the range to applicants in accordance with a formula which reflects their income. Such range shall be not less than

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zero per cent for any applicant in the lowest income class and not more than one per cent above the rate of interest borne by the general obligation bonds of the state last issued prior to the most recent date such range was established for any applicant for whom the adjusted gross income of the household member or members who contribute to the support of his household [~~was at least~~] does not exceed one hundred [~~fifteen~~] fifty per cent of the median area income by household size.

(c) The commissioner shall establish a program under which he shall make funds deposited in the Energy Conservation Loan Fund available for low-cost loans or deferred loans under subsection (a) of this section for residential structures containing more than four dwelling units, or for contracts guaranteeing payment of loans or deferred loans provided by private institutions for such structures for the purposes specified under subsection (a) of this section. Any such loan or deferred loan shall be an amount equaling not more than [~~one~~] two thousand dollars multiplied by the number of dwelling units in such structure, provided no such loan or deferred loan shall exceed [~~thirty~~] sixty thousand dollars. If the applicant seeks a loan or deferred loan for a structure containing more than thirty dwelling units, he shall include in his application a commitment to make comparable energy improvements of benefit to all dwelling units in the structure in addition to the thirty units which are eligible for the loan or deferred loan. Applications for contracts of guarantee shall be limited to structures containing not more than thirty dwelling units and the amount of the guarantee shall be not more than [~~fifteen hundred~~] three thousand dollars for each dwelling unit benefiting from the loan or deferred loan. There shall not be an income eligibility limitation for applicants for such loans, deferred loans or guarantees, but the commissioner shall give preference to applications for loans, deferred loans or guarantees for such structures which are occupied by persons of low or moderate income. Repayment of such loans or deferred loans

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shall be subject to such rates of interest, terms and conditions as the commissioner shall establish. The state shall have a lien on each property for which a loan, deferred loan or guarantee has been made under this section to ensure compliance with such terms and conditions.

(d) With respect to such loans made on or after July 1, 1981, all repayments of principal shall be paid to the State Treasurer for deposit in the Housing Repayment and Revolving Loan Fund. The interest applicable to any such loans made shall be paid to the State Treasurer for deposit in the General Fund. After the close of each fiscal year, commencing with the close of the fiscal year ending June 30, 1992, and prior to the date of the calculation required under subsection (f) of this section, [and subsection (f) of section 32-317,] the Commissioner of Economic and Community Development shall cause any balance of loan repayments under this section remaining in said fund to be transferred to the [energy conservation revolving loan account] Energy Conservation Loan Fund created pursuant to section [32-316] 16a-40a.

(e) The commissioner shall adopt regulations in accordance with chapter 54, (1) concerning qualifications for such loans or deferred loans, requirements and limitations as to adjustments of terms and conditions of repayment and any additional requirements deemed necessary to carry out the provisions of this section and to assure that those tax-exempt bonds and notes used to fund such loans or deferred loans qualify for exemption from federal income taxation, (2) providing for the maximum feasible availability of such loans or deferred loans for dwelling units owned or occupied by persons of low and moderate income, (3) establishing procedures to inform such persons of the availability of such loans or deferred loans and to encourage and assist them to apply for such loans or deferred loans, and (4) providing that (A) the interest payments received from the recipients of loans or deferred loans made on and after July 1, 1982,

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less the expenses incurred by the commissioner in the implementation of the program of loans, deferred loans and loan guarantees under this section, and (B) the payments received from electric and gas companies under subsection (f) of this section shall be applied to reimburse the General Fund for interest on the outstanding bonds and notes used to fund such loans or deferred loans made on or after July 1, 1982.

(f) Not later than August first, annually, the commissioner shall calculate the difference between (1) the weighted average of the percentage rates of interest payable on all subsidized loans made (A) after July 1, 1982, from the Energy Conservation Loan Fund, (B) from the Home Heating System Loan Fund established under section 16a-40k, and (C) from the Housing Repayment and Revolving Loan Fund pursuant to this section, and (2) the average of the percentage rates of interest on any bonds and notes issued pursuant to section 3-20, which have been dedicated to the energy conservation loan program and used to fund such loans, and multiply such difference by the outstanding amount of all such loans, or such lesser amount as may be required under Section 103(c) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended. The product of such difference and such applicable amount shall not exceed six per cent of the sum of the outstanding principal amount at the end of each fiscal year of all loans or deferred loans made (A) on or after July 1, 1982, from the Energy Conservation Loan Fund, (B) from the Home Heating System Loan Fund established under section 16a-40k, and (C) from the Housing Repayment and Revolving Loan Fund pursuant to this section, and the balance remaining in the Energy Conservation Loan Fund and the balance of energy conservation loan repayments in the Housing Repayment and Revolving Loan Fund. Not later than September first, annually, the Department of Public Utility Control shall allocate such product among each electric and gas company

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having at least seventy-five thousand customers, in accordance with a formula taking into account, without limitation, the average number of residential customers of each company. Not later than October first, annually, each such company shall pay its assessed amount to the commissioner. The commissioner shall pay to the State Treasurer for deposit in the General Fund all such payments from electric and gas companies, and shall adopt procedures to assure that such payments are not used for purposes other than those specifically provided in this section. The department shall include each company's payment as an operating expense of the company for the purposes of rate-making under section 16-19.

Sec. 2. Sections 32-315 to 32-318, inclusive, of the general statutes are repealed. (*Effective October 1, 2007*)

Approved May 30, 2007