

F I N A L R E P O R T

JOINT SUBCOMMITTEE ON ENERGY CONSERVATION, AVAILABILITY AND USE OF THE SENATE AND HOUSE STANDING COMMITTEES ON ENERGY

January, 1980

The Joint Subcommittee on Energy Conservation, Availability and Use of the Senate and House Standing Committees on Energy was established by the Legislative Council on June 13, 1979 to study current energy supplies and conservation efforts for the purpose of developing a legislative program to address existing problems. The membership of the Subcommittee is as follows:

Senator Richard R. Ramsey, Co-chairperson
Representative John Pelton, Co-chairperson
Senator Steven W. Bisenius
Senator Joe Brown
Senator Norman G. Rodgers
Senator Arne Waldstein
Representative Charles H. Bruner
Representative Sue Mullins
Representative Stephen J. Rapp
Representative Doug Ritsema

The Subcommittee was authorized six meeting days.

The Subcommittee held five meetings during the interim, including one two-day meeting. The Subcommittee received testimony concerning various energy programs and proposals from representatives of the Office for Planning and Programming, the Iowa Energy Policy Council, the Woodbury County Community Action Agency, the Community Action Research Group, the Iowa Commerce Commission, the Iowa Housing Finance Authority, the Iowa Utility Association, the Iowa Association of Electric Cooperatives, the U.S. Department of Energy, Regional VII, the Iowa Gasoline Dealers Association, and the Small Farm Energy Project sponsored by the Center for Rural Affairs of Walthill, Nebraska. Based on the testimony and other information received, the Subcommittee agreed to concentrate on the following subject matters:

1. Weatherization assistance programs for owner-occupied homes or rental units of low-income persons.
2. Loans for permanent residential energy conservation improvements.
3. Residential energy income tax credit.
4. Extension of the existing property tax credit for solar energy to passive applications.

5. Low-interest loans for the construction of active or passive solar energy systems.
6. Bonding of insulation contractors.
7. Status of an emergency energy plan for Iowa.
8. Emergency fuel pool.
9. House File 736 authorizing fuel dealers and distributors to purchase fuel from other than the franchisor when motor fuel or special fuel is not available from the franchisor.
10. Consumer utility counsel, consumer rate advocate.
11. Duties of the State Commerce Commission relating to public hearings, comprehensive energy management programs for public utilities, and utility efficiency studies.
12. Mass transit subsidies for state employees.

Weatherization

The Subcommittee received testimony from the Office for Planning and Programming, the Energy Policy Council and the Woodbury County Community Action Agency concerning the status and administrative problems of the federal Weatherization Assistance Program. The program began in 1975 with the Community Services Administration supplying the materials and the state providing funds for labor and related costs. Currently, materials, equipment and support services are funded by the U.S. Department of Energy and labor services are provided through the Comprehensive Employment Training Act-Public Service Employment program. Even though funding for the weatherization program has been adequate, problems related to changes in federal rules and their interpretation, shortages of skilled labor and supervisory personnel, and the combining of a weatherization program with a labor training program has limited the rate of housing unit completions. As of September, 1979, there are 83,357 low-income, owner-occupied homes and 60,037 renter-occupied housing units eligible for the weatherization assistance program. Of this number, 13,359 have been completed since 1975 leaving approximately 130,000 units to be completed. Current annual completion rate is approximately 5,000 housing units which, according to testimony, should be increased significantly if the program is to be successful.

To correct the problems found in the federal Weatherization Assistance Program, the Joint Subcommittee took the following actions:

1. The Joint Subcommittee adopted a resolution urging the United States Congress and the U.S. Department of Energy to authorize the employment of crew supervisors and laborers to

supplement CETA labor, increase the pay ceiling for laborers and supervisors, authorize the use of private contractors, increase the expenditures for equipment and support services, encourage volunteer labor services, and allow state and local governments to supplement the federal program without financial penalty. (See Attachment #1)

2. The Joint Subcommittee adopted a resolution requesting the Office for Planning and Programming to prepare by March 1, 1980, for consideration of the House and Senate Standing Committees on Energy plans for the use of state appropriations to expand weatherization efforts when federal funds are restricted or insufficient to meet weatherization goals. (See Attachment #2)

3. The Senate Subcommittee recommends to the Senate Committee on Energy the approval of an appropriation of \$1,000,000 to the Office for Planning and Programming to be used for any of the following purposes:

a. To provide technical assistance for volunteer weatherization efforts.

b. To hire private contractors to provide weatherization services. (See Attachment #3)

4. The House Subcommittee recommends to the House Committee on Energy the approval of an appropriation of \$1,500,000 to the Office for Planning and Programming to be used for any of the following purposes:

a. To provide technical assistance to volunteer weatherization efforts.

b. To hire private contractors to provide weatherization services. (See Attachment #4)

Other Residential Energy Conservation Programs

The following actions were also taken to promote residential energy conservation:

1. The Joint Subcommittee recommends to the Senate and House Committees on Energy the approval of a bill to require persons engaged in the business of installing insulation to register with the Secretary of State and give bond in an amount not exceeding \$100,000. The amount of the bond is to be determined by the Secretary of State based on the person's volume of business. (See Attachment #5)

2. The House Subcommittee recommends to the House Committee on Energy the approval of a bill to provide interest-free loans for permanent residential energy conservation improvements. The Iowa Housing Finance Authority is authorized to issued \$50,000,000 in

bonds to finance the loans which will be administered through public utilities. Interest on the loans will be included in rate base of the public utility. (See Attachment #6)

3. The Senate Subcommittee recommends to the Senate Committee on Energy the approval of a bill to provide loans for permanent residential energy conservation improvements. The Iowa Housing Finance Authority is authorized to issue \$50,000,000 in bonds to finance the loans which will be administered through public utilities. Interest on the loans will be charged to the borrower. (See Attachment #7)

4. The Joint Subcommittee recommends to the Senate and House Committees on Energy the approval of a bill authorizing the Iowa Housing Finance Authority an additional \$50,000,000 in bonding capacity to be used for property improvement loans through mortgage lenders to finance active and passive solar and other renewable energy systems. The loans would not be subject to the same restrictions imposed by Chapter 220 on the value of the residence or the income of the borrower. (See Attachment #8)

Tax Credits and Exemptions

Upon review of existing federal and state tax incentives, the following action was taken:

1. The Joint Subcommittee recommends to the Senate and House Committees on Energy the approval of a bill to provide a residential energy credit equal to 20 percent of the residential energy credit authorized under section 44C of the Internal Revenue Code of 1954. The total state income tax credit may not exceed \$60. A taxpayer is eligible for a state tax credit for a qualifying expenditure made between January 1, 1980 and January 1, 1986. (See Attachment #9)

2. The Joint Subcommittee also directed the Legislative Service Bureau to prepare a study bill for consideration of the Senate and House Standing Committees on Energy to provide a property tax exemption for passive solar energy systems installed or included in a building. The study bill is to be based upon recommendations of the Energy Policy Council.

Emergency Energy Plans

After learning from representatives of the Iowa Energy Policy Council that a comprehensive emergency energy plan for the state will not be finalized until October, 1980, and that an emergency fuel pool cannot be established without funding by the General Assembly, the following action was taken:

1. The Joint Subcommittee adopted a resolution urging the Energy Policy Council to adopt an interim emergency energy plan before January 14, 1980, all or part of which can be recommended to

the Governor for implementation if an acute energy shortage occurs before a permanent emergency energy plan is finalized by the Council. (See Attachment #10)

2. The Joint Subcommittee recommends to the Senate and House Committees on Energy the approval of an appropriation of \$1,845,000 to the Energy Policy Council to purchase gasoline and middle distillates for a state-owned emergency fuel reserve as authorized under section 93.7 of the Code. (See Attachment #11)

Public Utility Conservation Program

The Joint Subcommittee recommends to the Senate and House Committees on Energy the approval of a bill including the following provisions:

1. The appointment of a consumer utility counsel by the attorney general to serve as an advocate for consumers of residential utility services in proceedings before the Iowa State Commerce Commission. The consumer utility counsel is to be appointed only if federal funds are available for that purpose.

2. To require the Iowa State Commerce Commission or a member of the Commission to hold formal proceedings regarding significant rate increases or service reductions in each major population center within the affected service area.

3. To require an applicant for electrical power generating facility to establish and maintain a comprehensive energy management program designed to reduce peak loads and to increase efficiency of energy utilization.

4. To require the Iowa State Commerce Commission to continuously investigate and analyze methods and procedures used by public utilities to determine costs and to apportion the costs among utility customers and to reduce utility costs or growth of the costs. Public utilities are required to adopt methods or procedures ordered by the Commission to promote significant energy conservation or production efficiency.

5. Authorize the commission to promulgate rules to established load management procedures for temporary interruption of service to one or more classes of customers. (See Attachment #12)

State Employee Mass Transit Program

The Joint Subcommittee recommends to the Senate and House Committees on Energy the approval of an appropriation of \$200,000 for fiscal year 1980-1981 to the State Department of Transportation to subsidize 50 percent of the cost of mass transportation for state employees who agree to abstain from driving their privately-owned vehicles to their job sites. (See Attachment #13)

Conclusion

The Joint Subcommittee also reviewed House File 736 and discussed recommended amendments which were offered to correct potential constitutional problems. House File 736 authorizes distributors and dealers to purchase fuel from sources other than the franchisor if fuel is not available from the franchisor during a period of acute shortage. Being that the bill has passed the House and is currently assigned to a subcommittee of the Senate Committee on Energy, the Joint Subcommittee makes no recommendation.

The Joint Subcommittee also sent a letter to Mr. H. K. Baker, Assistant Director, Iowa State University Engineering Extension Service, urging the Iowa Energy Extension Service to include in its program objectives a small farm energy project similar to the project carried out by the Center for Rural Affairs of Walthill, Nebraska.

Copies of the minutes of the Joint Subcommittee and other written information received during the interim are filed in the Legislative Service Bureau.

SUBCOMMITTEE RESOLUTION

By JOINT SUBCOMMITTEE ON ENERGY CONSERVATION,
AVAILABILITY AND USE OF THE SENATE AND
HOUSE STANDING COMMITTEES ON ENERGY

1 WHEREAS, the Joint Subcommittee on Energy Conserva-
2 tion, Availability and Use has completed a review of
3 the weatherization program for low-income households in
4 Iowa; and

5 WHEREAS, since the inception of the first weatheriza-
6 tion program in 1975, approximately 13,000 of the more
7 than 60,000 eligible homes in Iowa have been weatherized;
8 and

9 WHEREAS, a recent study has indicated that homes
10 completed under the weatherization program have reduced
11 energy consumption by 20 to 26 percent; and

12 WHEREAS, the cost of energy, particularly fuel oil,
13 has increased significantly during the past year imposing
14 additional financial hardships on low-income households;
15 and

16 WHEREAS, under the requirements of the present weather-
17 ization program, approximately 5,000 eligible homes are
18 weatherized each year; and

19 WHEREAS, the Subcommittee has received testimony that
20 under present program restrictions imposed by federal
21 legislation and United States Department of Energy rules
22 on labor and other support services, it is unlikely that
23 more than 5,000 homes can be weatherized annually; and

24 WHEREAS, the Subcommittee firmly believes that the
25 weatherization program must be completed more expeditiously
26 if the combined goals of reduced energy consumption and
27 reduced financial burdens on low-income households are
28 to be realized; NOW THEREFORE,

29 BE IT RESOLVED BY THE JOINT SUBCOMMITTEE ON ENERGY
30 CONSERVATION, AVAILABILITY AND USE OF THE STANDING COMMITTEES

1 ON ENERGY OF THE IOWA GENERAL ASSEMBLY, That the United
2 States Congress and the United States Department of
3 Energy are urged to make changes in the weatherization
4 program including, but not limited to the following:

5 .1. Authorize the employment of crew supervisors and
6 laborers to supplement the CETA Public Service Employment
7 work force;

8 2. Raise the pay ceiling for laborers and supervisors;

9 3. Authorize the use of private contractors to supple-
10 ment CETA Public Service Employees and other public
11 employees;

12 4. Increase allowable expenditures for equipment and
13 support services;

14 5. Supply weatherization materials to eligible house-
15 holds and civic groups who volunteer labor services;

16 6. Allow state and local government funds to supplement
17 the federal weatherization program without financial
18 penalty; and

19 BE IT FURTHER RESOLVED, That a copy of this resolution
20 be transmitted to the members of the Iowa Delegation to
21 the United States Congress and the United States Senate,
22 the Secretary of the United States Department of Energy
23 and the Regional Director of the United States Department
24 of Energy, Region VII.

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SUBCOMMITTEE RESOLUTION

By JOINT SUBCOMMITTEE ON ENERGY AVAILABILITY,
USE AND CONSERVATION OF THE STANDING
COMMITTEES ON ENERGY OF THE SENATE AND HOUSE

1 WHEREAS, the office for planning and programming
2 reports that approximately \$9 million in federal funds
3 are available to Iowa community action agencies in the
4 next year for use in weatherizing low income housing; and

5 WHEREAS, current programs are well below targeted
6 goals and local community action agencies estimate
7 backlogs totaling at least 9,000 homes; and

8 WHEREAS, the Subcommittee has received testimony from
9 the community action agencies which indicates that lack
10 of labor is the major impediment to meeting targeted
11 goals and use of all allocated federal funds; and

12 WHEREAS, federal restrictions on the use of workers not
13 employed under the Comprehensive Employment Training Act
14 are in the process of being reviewed, and may be waived
15 by the U. S. Department of Energy, provided that the
16 "prime sponsor" in the state, that being the office for
17 planning and programming in Iowa, provides sufficient
18 support for obtaining these waivers; and

19 WHEREAS, the clear thrust of policy at the federal
20 level now appears to be aimed at maximization of weather-
21 ization efforts in order to reduce consumption of conven-
22 tional energy supplies and reduce home heating bills,
23 including use of state funds; NOW THEREFORE,

24 BE IT RESOLVED BY THE JOINT SUBCOMMITTEE ON ENERGY
25 AVAILABILITY, USE AND CONSERVATION OF THE STANDING COM-
26 MITTEES ON ENERGY OF THE SENATE AND HOUSE, That, in order
27 to collect information so that maximum use can be made of
28 federal funds and efficient and appropriate use can be made
29 of state funds which may be available to expand weather-
30 ization programs, the Subcommittee requests the office

1 for planning and programming to facilitate use of
2 federal funds by supporting local community action agencies
3 in requesting waivers under WAG #79-27 (referred to as
4 waiver 2) or any other means developed by the U. S.
5 Department of Energy to facilitate use of federal weather-
6 ization moneys, and by encouraging local community action
7 agencies to develop proposals for using possible supple-
8 mental state funds to expand weatherization efforts when
9 federal funds are restricted or insufficient ot meet
10 current weatherization goals. The plans shall propose
11 use of state funds in any of the following ways:

12 1. To supplement federal funds that are available
13 for labor, materials and support services for the weather-
14 ization assistance program operated by the U. S. Depart-
15 ment of Energy; the hiring of working supervisors is
16 particularly encouraged.

17 2. To employ additional labor for a seasonal intensive
18 weatherization effort, making maximum use of community
19 resources, including students and women in work crews.

20 3. To provide technical assistance, inspection, veri-
21 fication and support services for volunteer community
22 weatherization efforts. Such assistance shall include
23 use of the Retrotech form employed by the federal
24 weatherization programs.

25 4. To hire private contractors on a competitive bid
26 basis and when such alternative is cost effective to pro-
27 vide weatherization services to persons eligible for
28 assistance under the provisions of the U. S. Department
29 of Energy weatherization assistance program; and

30 BE IT FURTHER RESOLVED, That the Subcommittee requests

1 that the office for planning and programming present
2 the proposals for use of state funds collected from
3 local community action agencies to the Standing Com-
4 mittees on Energy of the House and Senate not later
5 than March 1, 1980.

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PROPOSED SENATE/HOUSE FILE _____

By (PROPOSED COMMITTEE ON ENERGY
BILL RECOMMENDED BY THE ENERGY
CONSERVATION, AVAILABILITY AND
USE JOINT SUBCOMMITTEE)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act making an appropriation to the office for planning
2 and programming for weatherization programs.

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

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1 Section 1. There is appropriated from the general fund
2 of the state to the office for planning and programming for
3 the fiscal period commencing with the effective date of this
4 Act and ending June 30, 1981 the sum of one million (1,000,000)
5 dollars, or so much thereof as is necessary to be used for
6 weatherization programs pursuant to section two (2) of this
7 Act.

8 Sec. 2.

9 1. The office for planning and programming shall use the
10 funds appropriated by section one (1) of this Act for the
11 following weatherization programs:

12 a. To provide technical assistance, inspection,
13 verification and support services for volunteer community
14 weatherization efforts.

15 b. To hire private contractors on a competitive bid basis
16 to provide weatherization services to persons eligible for
17 assistance under 42 U.S.C.s. 6861-6872 (1979).

18 2. The office may by rule require that programs eligible
19 for funds under paragraphs a and b of subsection one (1) of
20 this section conform to eligibility requirements and standards
21 applicable under the federal weatherization assistance program.
22 The office shall emphasize programs that will benefit persons
23 whose homes are heated with home heating fuel and programs
24 that encourage community involvement and the use of existing
25 community resources.

26 3. The office for planning and programming shall report
27 to the general assembly on the distribution and use of funds
28 appropriated by this Act not later than February 1, 1982.

29 4. Funds appropriated by section one (1) of this Act shall
30 not be used to replace federal funds available for
31 weatherization programs.

32 Sec. 3. This Act being of immediate importance shall be
33 in effect from and after its publication in

34 _____, a newspaper published in _____,
35 Iowa, and in _____, a newspaper published

1 in _____, Iowa.

2 EXPLANATION

3 This bill appropriates \$1,000,000 to the office for planning
4 and programming for weatherization programs. The funds would
5 be available immediately upon publication of the Act. Funds
6 could be used for the following programs:

7 1. To provide technical assistance to volunteer
8 weatherization efforts.

9 2. To hire private contractors to do weatherization work.

10 Funds could not be used to replace federal funds available
11 for weatherization.

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PROPOSED SENATE/HOUSE FILE _____

By (PROPOSED COMMITTEE ON ENERGY
BILL RECOMMENDED BY THE ENERGY
CONSERVATION, AVAILABILITY AND
USE JOINT SUBCOMMITTEE)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act making an appropriation to the office for planning
2 and programming for weatherization programs.

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

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1 Section 1. There is appropriated from the general fund
2 of the state to the office for planning and programming for
3 the fiscal period commencing with the effective date of this
4 Act and ending June 30, 1981 the sum of one million five
5 hundred thousand (1,500,000) dollars, or so much thereof as
6 is necessary to be used for weatherization programs pursuant
7 to section two (2) of this Act.

8 Sec. 2.

9 1. The office for planning and programming shall use the
10 funds appropriated by section one (1) of this Act for the
11 following weatherization programs:

12 a. To provide technical assistance, inspection,
13 verification and support services for volunteer community
14 weatherization efforts.

15 b. To hire private contractors on a competitive bid basis
16 to provide weatherization services to persons eligible for
17 assistance under 42 U.S.C.s. 6861-6872 (1979).

18 2. The office may by rule require that programs eligible
19 for funds under paragraphs a and b of subsection one (1) of
20 this section conform to eligibility requirements and standards
21 applicable under the federal weatherization assistance program.
22 The office shall emphasize programs that will benefit persons
23 whose homes are heated with home heating fuel and programs
24 that encourage community involvement and the use of existing
25 community resources.

26 3. The office for planning and programming shall report
27 to the general assembly on the distribution and use of funds
28 appropriated by this Act not later than February 1, 1982.

29 4. Funds appropriated by section one (1) of this Act shall
30 not be used to replace federal funds available for
31 weatherization programs.

32 Sec. 3. This Act being of immediate importance shall be
33 in effect from and after its publication in

34 _____, a newspaper published in _____,

35 Iowa, and in _____, a newspaper published

1 in _____, Iowa.

2 EXPLANATION

3 This bill appropriates \$1,500,000 to the office for planning
4 and programming for weatherization programs. The funds would
5 be available immediately upon publication of the Act. Funds
6 could be used for the following programs:

7 1. To provide technical assistance to volunteer
8 weatherization efforts.

9 2. To hire private contractors to do weatherization work.

10 Funds could not be used to replace federal funds available
11 for weatherization.

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PROPOSED HOUSE FILE _____

By (PROPOSED COMMITTEE ON ENERGY
BILL RECOMMENDED BY THE HOUSE
ENERGY CONSERVATION, AVAILABILITY
AND USE SUBCOMMITTEE)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act subjecting persons who install insulation to registra-
2 tion and bonding requirements and providing a penalty for
3 violations.

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

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1 Section 1. NEW SECTION. DEFINITIONS. As used in this
2 Act unless the context otherwise requires:

3 1. "Insulation" means a material or assembly of materials
4 used primarily to provide resistance to heat flow in building
5 structures, including but not limited to mineral fibrous,
6 mineral cellular, organic fibrous, organic cellular or reflec-
7 tive materials whether in loose fill, flexible, semi-rigid
8 or rigid form.

9 2. "Insulation installer" means a person who installs
10 insulation in a commercial or residential structure for a
11 fee.

12 Sec. 2. NEW SECTION. REGISTRATION REQUIRED. A person
13 shall not engage in business in this state as an insulation
14 installer unless the person is registered with the secretary
15 of state as provided in section three (3) of this Act and
16 has given bond as provided in section four (4) of this Act.

17 Sec. 3. NEW SECTION. INFORMATION SUPPLIED. The insula-
18 tion installer shall provide the following information at
19 the time of registration:

- 20 1. The name and address of the insulation installer.
- 21 2. The name and address of the owner of the operation.
- 22 3. Names of supervisory personnel.
- 23 4. General marketing area.
- 24 5. Names of bonding and insurance companies.
- 25 6. Types and brands of insulation used.
- 26 7. Volume of business over the past year.
- 27 8. Other information as the secretary of state may require
28 by rule.

29 Sec. 4. NEW SECTION. BOND REQUIRED. The application
30 for registration as an insulation installer shall be
31 accompanied by a continuous corporate surety bond to the state
32 of Iowa in an amount determined by the secretary of state
33 which shall not exceed one hundred thousand dollars. The
34 exact amount of the bond shall be based on the actual or
35 estimated volume of business of the insulation installer.

1 The bond is for the benefit and use of any person damaged
 2 by an insulation installer who violates this chapter or who
 3 is convicted under section seven hundred fourteen point sixteen
 4 (714.16) of the Code. The surety on the bond shall give the
 5 secretary of state thirty days written notice prior to
 6 cancellation of the bond. The secretary of state may review
 7 the amount of the bond at any time and may adjust the amount
 8 to reflect changes in the insulation installer's volume of
 9 business.

10 Sec. 5. NEW SECTION. RENEWAL OF REGISTRATION--NOTIFICA-
 11 TION.

12 1. Not later than July first of each year a person
 13 registered with the secretary of state as an insulation in-
 14 staller shall file a notice of continued registration with
 15 the secretary. The notice may be limited to a statement that
 16 the insulation installer is engaged in the business of
 17 installing insulation in the state.

18 2. A person registered as an insulation installer under
 19 this Act shall notify the secretary in writing of any of the
 20 following within thirty days of their occurrence:

21 a. A change in the type or brand of insulation installed
 22 by the person.

23 b. A change in address or ownership of the business.

24 c. The person ceases to be engaged in business as an in-
 25 sulation installer in Iowa.

26 Sec. 6. NEW SECTION. PENALTIES. A person who violates
 27 a provision of this Act is upon conviction guilty of an ag-
 28 gravated misdemeanor.

29 Sec. 7. NEW SECTION. RULES. The secretary of state shall
 30 administer this Act and shall adopt rules under chapter
 31 seventeen A (17A) of the Code to enforce its provisions.

32 Sec. 8. NEW SECTION. EXEMPTION. This Act does not apply
 33 to government agencies or nonprofit corporations or organiza-
 34 tions or their employees who install insulation.

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EXPLANATION

1 This bill requires persons who install insulation to
2 register with the secretary of state. It also requires such
3 persons to give bond in an amount determined by the secretary
4 of state according to the person's volume of business but
5 not exceeding \$100,000.

6 Insulation installers must reregister annually and must
7 report to the secretary of state any changes in the ownership
8 or location of the business and changes in the types and
9 brands of materials used. The bill would be effective July
10 1, 1980.

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PROPOSED SENATE/HOUSE FILE _____

By (PROPOSED COMMITTEE ON ENERGY
BILL RECOMMENDED BY THE ENERGY
CONSERVATION, AVAILABILITY AND
USE JOINT SUBCOMMITTEE)

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

A BILL FOR

1 An Act relating to loans for permanent residential energy
2 conservation improvements, allowing the issuance of bonds
3 by the Iowa housing finance authority for such purpose
4 and providing for the administration of the program
5 through natural gas and electric utilities.

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

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1 Section 1. Chapter two hundred twenty (220), Code 1979,
2 is amended by adding the following new section:

3 NEW SECTION. RESIDENTIAL ENERGY CONSERVATION IMPROVEMENTS.

4 1. As used in this section unless the context otherwise
5 requires "natural gas or electric utility" or "utility" means
6 a public utility as defined in section four hundred seventy-
7 six point one (476.1) of the Code, a municipally-owned utility
8 or an electric cooperative as defined in section three hundred
9 ninety point one (390.1) of the Code.

10 2. Notwithstanding any other provision of this chapter
11 the authority may make loans to residential customers of
12 natural gas or electric utilities to be used exclusively to
13 pay for the cost of permanent energy conservation improvements
14 to residential housing which is existing and owner-occupied
15 as of the effective date of this Act and the date the
16 improvements are commenced. The authority shall establish
17 by rule the types of buildings and types of permanent energy
18 conservation improvements for which loan proceeds may be used,
19 the maximum amount that may be loaned to an individual
20 customer, and guidelines to be used by the utility in
21 determining whether an individual customer is eligible for
22 a loan and shall specify the minimum standards which energy
23 improvements must meet. Rules promulgated by the authority
24 under this subsection shall permit only those types of
25 improvements which the authority determines to be reasonably
26 appropriate for use in this state. The authority shall finance
27 improvements for customers according to the procedure
28 prescribed in subsection three (3) of this section.

29 3. The authority shall contract with natural gas and
30 electric utilities to operate the loan program authorized
31 under subsection two (2) of this section. A utility named
32 in a contract with the authority under this subsection is
33 an agent of the authority for the purposes of this section.
34 The utility shall receive applications for loans from its
35 residential customers. Customer applications for improvement

1 financing shall be in a form prescribed by the authority.
2 Each application shall contain information, as prescribed
3 by the authority, which will enable the utility to assure
4 compliance with the requirements of this section. A utility
5 shall deny an application if the proposed improvements do
6 not meet requirements established by rule under subsection
7 two (2) of this section or if the individual customer fails
8 to qualify under the guidelines established by rule under
9 subsection one (1) of this section. The utility shall allocate
10 loan funds on a first-come first-served basis.

11 4. Loans arranged through a utility to a customer to
12 finance permanent energy conservation improvements shall be
13 pursuant to a written agreement between the utility and the
14 customer, in a form prescribed by the authority. In addition
15 to other terms required by the authority, the agreement shall
16 provide all of the following:

17 a. The customer shall agree that the outstanding balance
18 shall become immediately payable in full upon a transfer of
19 or foreclosure upon the customer's interest in the property.

20 b. A detailed description of the permanent energy
21 conservation improvements to be installed.

22 c. The customer shall agree that the outstanding balance
23 shall become immediately payable in full in the event the
24 customer fails to use the funds for the installation of the
25 improvements designated in the agreement.

26 d. The customer shall agree to certify to the utility
27 the completion of the permanent energy conservation
28 improvements designated in the agreement, in a form prescribed
29 by the authority.

30 5. A copy of the agreement between the utility and the
31 customer for permanent energy conservation improvements shall
32 be filed by the utility with the clerk of the district court
33 in the county in which the benefitted residence is located.
34 The authority shall have a lien against the residence to which
35 the improvements are made to secure payment of the debt.

1 The lien shall be preferred to all other liens which may
2 attach to or upon the real property, except liens of record
3 prior to the time of filing of the agreement with the clerk
4 of court.

5 6. Payment for permanent energy conservation improvements
6 arranged through a utility under this section shall be made
7 by the utility to the customer upon execution of the agreement
8 referred to in subsection three (3) of this section. Repayment
9 by the customer shall commence not later than sixty days
10 thereafter.

11 7. A utility shall not require a customer to pay for any
12 part of the cost of permanent energy conservation improvements
13 financed through the utility or to pay any fees or charges
14 associated with the financing, except in the manner
15 specifically permitted by this section. The cost of permanent
16 energy conservation improvements incurred by the utility on
17 behalf of a customer shall be repaid by the customer in
18 installments, the due date of which shall be the regular due
19 date of charges billed to the customer by the utility for
20 utility services. The installment payments shall be as nearly
21 equal in amount as may be, and the amount of each payment
22 shall be as approved by the commission. The repayment term
23 shall not be less than ten years but shall not exceed twenty
24 years, and the obligation shall not bear interest. A
25 delinquency charge shall be imposed on any installment which
26 is not paid within ten days after the due date. The amount
27 of the delinquency charge shall be equal to ten percent of
28 the unpaid amount of the installment, or a maximum of five
29 dollars. The delinquency charge shall be imposed only once
30 on an installment, however long it remains in default. A
31 delinquency charge may be collected at the time it accrues
32 or at any time thereafter. For purposes of this subsection,
33 payments received by a utility from a customer shall be applied
34 first to amounts due the utility as a result of supplying
35 utility service, and then to the amount due as the current

1 installment payment for energy conservation improvements,
2 and then to any past-due installments and accumulated
3 delinquency charges.

4 8. Installment payment schedules shall be submitted by
5 utilities that are regulated by the Iowa state commerce
6 commission to the commission for approval. The commission
7 shall allow a regulated utility to include in the installment
8 payment amount a service fee which is a reasonable estimate
9 of the amount necessary to reimburse the regulated utility
10 for the actual costs minus interest costs of providing
11 permanent energy conservation improvement financing to its
12 customers. The commission shall also in determining the value
13 of services to be included in valuations or costs of operations
14 for rate-making purposes allow an amount equal to interest
15 on bonds and notes issued by the authority and loaned by the
16 authority through the regulated utility under this section.
17 A municipally-owned utility may include in the installment
18 amount a service fee necessary to reimburse the municipally-
19 owned utility for the actual costs minus interest costs of
20 providing energy conservation improvement financing to the
21 customer. A municipally-owned utility may adjust its rates
22 to reflect the costs of interest on bonds and notes issued
23 by the authority and loaned through the municipally-owned
24 utility. This subsection does not subject the rates or
25 installment payment schedules of municipally-owned utilities
26 to regulation by the Iowa state commerce commission.

27 9. The authority shall require that a utility with whom
28 a contract is made under this section submits to the authority
29 evidence satisfactory to the authority that funds are disbursed
30 by the utility for the purposes authorized by this section,
31 that permanent energy conservation improvements are made
32 according to the standards and specifications prescribed by
33 the authority, and that the authority is permitted, through
34 its members, employees or agents, to inspect the books and
35 records of the utility to assure compliance. A utility which

1 receives funds from the authority under this section shall
2 establish separate accounting procedures and records for all
3 receipts from and payments to the authority, and for all
4 disbursements to and receipts from customers relating to
5 energy conservation improvements. These funds shall be kept
6 separate from all other funds in the possession of the utility,
7 except for such amounts as properly may be credited to the
8 utility as revenues from the service fee authorized by
9 subsection eight (8) of this section.

10 10. If a provision of this section or section three (3)
11 of this Act is inconsistent with another provision of law
12 of this state governing natural gas or electric utilities
13 or the authority, the provision of this section or section
14 three (3) of this Act controls for the purposes of this
15 section.

16 11. Proceeds to the authority from the issuance of bonds
17 and notes for the purposes of this section are appropriated
18 to the authority for the uses authorized by this section.

19 Sec. 2. Section two hundred twenty point twenty-six
20 (220.26), subsection one (1), Code 1979, is amended to read
21 as follows:

22 1. The authority may issue its negotiable bonds and notes
23 in principal amounts as, in the opinion of the authority,
24 are necessary to provide sufficient funds for achievement
25 of its corporate purposes, the payment of interest on its
26 bonds and notes, the establishment of reserves to secure its
27 bonds and notes, and all other expenditures of the authority
28 incident to and necessary or convenient to carry out its
29 purposes and powers. However, the authority may not have
30 a total principal amount of bonds and notes outstanding at
31 any time in excess of two hundred fifty million dollars plus
32 fifty million dollars to be used for loans to natural gas
33 and electric utilities as authorized by section one (1) of
34 this Act. The bonds and notes shall be deemed to be investment
35 securities and negotiable instruments within the meaning of

1 and for all purposes of the uniform commercial code.

2 Sec. 3. Chapter four hundred seventy-six (476), Code 1979,
3 is amended by adding the following new section:

4 NEW SECTION. LOANS FOR ENERGY CONSERVATION IMPROVEMENTS.

5 1. The commission in determining the value of services
6 to be included in valuations or costs of operations for rate-
7 making purposes shall allow the cost of interest on bonds
8 and notes issued by the Iowa housing finance authority and
9 loaned by the authority under section one (1) of this Act
10 through a natural gas or electric utility whose rates are
11 regulated by the commission. The commission shall allow the
12 utility to charge a service fee to customers participating
13 in the permanent energy conservation improvement financing
14 program which is a reasonable estimate of the amount necessary
15 to reimburse the utility for the actual costs except interest
16 costs of providing permanent energy conservation improvement
17 financing to the customer. The commission shall adopt rules
18 as may be necessary to ensure as far as is practicable that
19 customers who contract for improvement financing pay the costs
20 incurred by the utility except interest costs in providing
21 this service.

22 2. A municipally-owned utility in determining the value
23 of services to be included in valuations or costs of operations
24 for rate-making purposes may allow the cost of interest on
25 bonds and notes issued by the Iowa housing finance authority
26 and loaned by the authority through the utility under section
27 one (1) of this Act. A municipally-owned utility may charge
28 a service fee to customers participating in the permanent
29 energy conservation improvement financing program which is
30 a reasonable estimate of the amount necessary to reimburse
31 the utility for the actual costs of providing permanent energy
32 conservation improvement financing to the customer except
33 interest costs. This subsection does not subject the rates
34 of municipally-owned utilities to regulation by the commission.

35 Sec. 4. This Act is effective January first following

1 its enactment.

2

EXPLANATION

3 This bill creates a loan program for financing permanent
 4 residential energy conservation improvements. Funds for the
 5 program would be provided through the sale of securities by
 6 the Iowa housing authority. The program would be operated
 7 by the authority through municipal, cooperative and investor-
 8 owned utilities and open to all residential customers of the
 9 utility. Loans to customers would bear no interest and loan
 10 payments would be incorporated into the customer's regular
 11 monthly bill. The utility would bear the interest charges
 12 and could incorporate such costs into the cost of service
 13 for rate-making purposes.

14 The bill gives the housing finance authority \$50 million
 15 in additional bonding authority for the program.

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PROPOSED SENATE FILE _____

By (PROPOSED COMMITTEE ON ENERGY
BILL) RECOMMENDED BY THE SENATE
ENERGY CONSERVATION AVAILABILITY
AND USE SUBCOMMITTEE OF THE
COMMITTEE ON ENERGY

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act creating a loan program for residential energy conservation
2 improvements by authorizing the Iowa housing finance authority
3 to issue bonds for the program and providing for administration
4 through electric and natural gas utilities.

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

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1 Section 1. Chapter two hundred twenty (220), Code 1979,
2 is amended by adding the following new section:

3 NEW SECTION. RESIDENTIAL ENERGY CONSERVATION IMPROVEMENTS.

4 1. As used in this section unless the context otherwise
5 requires "natural gas or electric utility" or "utility" means
6 a public utility as defined in section four hundred seventy-
7 six point one (476.1) of the Code, a municipally-owned utility
8 or an electric cooperative as defined in section three hundred
9 ninety point one (390.1) of the Code.

10 2. Notwithstanding any other provision of this chapter
11 the authority may make loans to residential customers of
12 natural gas or electric utilities to be used exclusively to
13 pay for the cost of permanent energy conservation improvements
14 to residential housing which is existing and owner-occupied
15 as of the effective date of this Act and the date the
16 improvements are commenced. The authority shall establish
17 by rule the types of buildings and types of permanent energy
18 conservation improvements for which loan proceeds may be used,
19 the maximum amount that may be loaned to an individual
20 customer, the rate of interest to be charged on the loan,
21 and guidelines to be used by the utility in determining whether
22 an individual customer is eligible for a loan and shall specify
23 the minimum standards which energy improvements must meet.
24 The interest rate shall not exceed the rate paid by the
25 authority on bonds and notes issued by the authority for the
26 program. Rules promulgated by the authority under this
27 subsection shall permit only those types of improvements which
28 the authority determines to be reasonably appropriate for
29 use in this state. The authority shall finance improvements
30 for customers according to the procedure prescribed in
31 subsection three (3) of this section.

32 3. The authority shall contract with natural gas and
33 electric utilities to operate the loan program authorized
34 under subsection two (2) of this section. A utility named
35 in a contract with the authority under this subsection is

1 an agent of the authority for the purposes of this section.
2 The utility shall receive applications for loans from its
3 residential customers. Customer applications for improvement
4 financing shall be in a form prescribed by the authority.
5 Each application shall contain information, as prescribed
6 by the authority, which will enable the utility to assure
7 compliance with the requirements of this section. A utility
8 shall deny an application if the proposed improvements do
9 not meet requirements established by rule under subsection
10 two (2) of this section or if the individual customer fails
11 to qualify under the guidelines established by rule under
12 subsection one (1) of this section. The utility shall allocate
13 loan funds on a first-come first-served basis.

14 4. Loans arranged through a utility to a customer to
15 finance permanent energy conservation improvements shall be
16 pursuant to a written agreement between the utility and the
17 customer, in a form prescribed by the authority. In addition
18 to other terms required by the authority, the agreement shall
19 provide all of the following:

20 a. The customer shall agree that the outstanding balance
21 shall become immediately payable in full upon a transfer of
22 or foreclosure upon the customer's interest in the property.

23 b. A detailed description of the permanent energy
24 conservation improvements to be installed.

25 c. The customer shall agree that the outstanding balance
26 shall become immediately payable in full in the event the
27 customer fails to use the funds for the installation of the
28 improvements designated in the agreement.

29 d. The customer shall agree to certify to the utility
30 the completion of the permanent energy conservation
31 improvements designated in the agreement, in a form prescribed
32 by the authority.

33 5. A copy of the agreement between the utility and the
34 customer for permanent energy conservation improvements shall
35 be filed by the utility with the clerk of the district court

1 in the county in which the benefitted residence is located.
2 The authority shall have a lien against the residence to which
3 the improvements are made to secure payment of the debt.
4 The lien shall be preferred to all other liens which may
5 attach to or upon the real property, except liens of record
6 prior to the time of filing of the agreement with the clerk
7 of court.

8 6. Payment for permanent energy conservation improvements
9 arranged through a utility under this section shall be made
10 by the utility to the customer upon execution of the agreement
11 referred to in subsection three (3) of this section. Repayment
12 by the customer shall commence not later than sixty days
13 thereafter.

14 7. A utility shall not require a customer to pay for any
15 part of the cost of permanent energy conservation improvements
16 financed through the utility or to pay any fees or charges
17 associated with the financing, except in the manner
18 specifically permitted by this section. The cost of permanent
19 energy conservation improvements including installation, and
20 interest as prescribed in subsection two (2) of this section,
21 incurred by the utility on behalf of a customer shall be
22 repaid by the customer in installments, the due date of which
23 shall be the regular due date of charges billed to the customer
24 by the utility for utility services. The installment payments
25 shall be as nearly equal in amount as may be, and the amount
26 of each payment shall be as approved by the commission. The
27 repayment term shall not be less than ten years but shall
28 not exceed twenty years. A delinquency charge shall be imposed
29 on any installment which is not paid within ten days after
30 the due date. The amount of the delinquency charge shall
31 be equal to ten percent of the unpaid amount of the
32 installment, or a maximum of five dollars. The delinquency
33 charge shall be imposed only once on an installment, however
34 long it remains in default. A delinquency charge may be
35 collected at the time it accrues or at any time thereafter.

1 For purposes of this subsection, payments received by a utility
2 from a customer shall be applied first to amounts due the
3 utility as a result of supplying utility service, and then
4 to the amount due as the current installment payment for
5 energy conservation improvements, and then to any past-due
6 installments and accumulated delinquency charges.

7 8. Installment payment schedules shall be submitted by
8 utilities that are regulated by the Iowa state commerce
9 commission to the commission for approval. The commission
10 shall allow a regulated utility to include in the installment
11 payment amount a service fee which is a reasonable estimate
12 of the amount necessary to reimburse the regulated utility
13 for the actual costs of administering the permanent energy
14 conservation improvement financing program for the utility.
15 A municipally-owned utility may include in the installment
16 amount a service fee necessary to reimburse the municipally-
17 owned utility for the actual costs of administering the energy
18 conservation improvement financing program for the utility.

19 9. The authority shall require that a utility with whom
20 a contract is made under this section submits to the authority
21 evidence satisfactory to the authority that funds are disbursed
22 by the utility for the purposes authorized by this section,
23 that permanent energy conservation improvements are made
24 according to the standards and specifications prescribed by
25 the authority, and that the authority is permitted, through
26 its members, employees or agents, to inspect the books and
27 records of the utility to assure compliance. A utility which
28 receives funds from the authority under this section shall
29 establish separate accounting procedures and records for all
30 receipts from and payments to the authority, and for all
31 disbursements to and receipts from customers relating to
32 energy conservation improvements. These funds shall be kept
33 separate from all other funds in the possession of the utility,
34 except for such amounts as properly may be credited to the
35 utility as revenues from the service fee authorized by

1 subsection eight (8) of this section.

2 10. If a provision of this section or section three (3)
3 of this Act is inconsistent with another provision of law
4 of this state governing natural gas or electric utilities
5 or the authority, the provision of this section or section
6 three (3) of this Act controls for the purposes of this
7 section.

8 11. Proceeds to the authority from the issuance of bonds
9 and notes for the purposes of this section are appropriated
10 to the authority for the uses authorized by this section.

11 Sec. 2. Section two hundred twenty point twenty-six
12 (220.26), subsection one (1), Code 1979, is amended to read
13 as follows:

14 1. The authority may issue its negotiable bonds and notes
15 in principal amounts as, in the opinion of the authority,
16 are necessary to provide sufficient funds for achievement
17 of its corporate purposes, the payment of interest on its
18 bonds and notes, the establishment of reserves to secure its
19 bonds and notes, and all other expenditures of the authority
20 incident to and necessary or convenient to carry out its
21 purposes and powers. However, the authority may not have
22 a total principal amount of bonds and notes outstanding at
23 any time in excess of two hundred fifty million dollars plus
24 fifty million dollars to be used for loans to natural gas
25 and electric utilities as authorized by section one (1) of
26 this Act. The bonds and notes shall be deemed to be investment
27 securities and negotiable instruments within the meaning of
28 and for all purposes of the uniform commercial code.

29 Sec. 3. This Act is effective January first following
30 its enactment.

31

EXPLANATION

32 This bill creates a loan program for financing permanent
33 residential energy conservation improvements. Funds for the
34 program would be provided through the sale of securities by
35 the Iowa housing authority. The program would be operated

1 by the authority through municipal, cooperative and investor-
2 owned utilities and open to all residential customers of the
3 utility. Loans to customers would bear interest at a rate
4 determined by the authority and loan payments would be
5 incorporated into the customer's regular monthly bill.

6 The bill gives the housing finance authority \$50 million
7 in additional bonding authority for the program.

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PROPOSED HOUSE FILE _____

By (PROPOSED COMMITTEE ON ENERGY
BILL RECOMMENDED BY THE HOUSE
ENERGY CONSERVATION, AVAIL-
ABILITY AND USE JOINT SUB-
COMMITTEE)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to property improvement loans by the Iowa
2 housing finance authority for solar and other renewable
3 energy systems.

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

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1 Section 1. Chapter two hundred twenty (220), Code 1979,
2 is amended by adding the following new section:

3 NEW SECTION. SOLAR SYSTEM LOANS. The authority may make
4 loans to mortgage lenders under section two hundred twenty
5 point twenty (220.20) of the Code or purchase loans from
6 mortgage lenders under section two hundred twenty point twenty-
7 one (220.21) of the Code to be used to finance property
8 improvement loans for solar and other renewable energy systems.
9 Property improvement loans for solar and other renewable
10 energy systems are exempt from restrictions or limitations
11 imposed by sections two hundred twenty point twenty (220.20)
12 and two hundred twenty point twenty-one (220.21) of the Code
13 on the individuals who will receive the loan from the mortgage
14 lender and from sections two hundred twenty point four (220.4),
15 subsection six (6), two hundred twenty point eight (220.8)
16 and two hundred twenty point twelve (220.12), subsection five
17 (5) of the Code. The authority shall by rule determine the
18 types of solar and other renewable energy systems eligible
19 for loans however loans shall be available for both active
20 and passive solar applications.

21 Sec. 2. Section two hundred twenty point twenty-six
22 (220.26), subsection one (1), Code 1979, is amended to read
23 as follows:

24 1. The authority may issue its negotiable bonds and notes
25 in principal amounts as, in the opinion of the authority,
26 are necessary to provide sufficient funds for achievement
27 of its corporate purposes, the payment of interest on its
28 bonds and notes, the establishment of reserves to secure its
29 bonds and notes, and all other expenditures of the authority
30 incident to and necessary or convenient to carry out its
31 purposes and powers. However, the authority may not have
32 a total principal amount of bonds and notes outstanding at
33 any time in excess of two hundred fifty million dollars plus
34 fifty million dollars for property improvement loans to finance
35 solar and other renewable energy systems in housing as

1 authorized by section one (1) of this Act. The bonds and
2 notes shall be deemed to be investment securities and
3 negotiable instruments within the meaning of and for all
4 purposes of the uniform commercial code.

5 EXPLANATION

6 This bill gives the Iowa housing finance authority an
7 additional \$50 million in bonding capacity to be used for
8 property improvement loans to mortgage lenders to finance
9 solar and other renewable energy systems. Such loans would
10 not be subject to restrictions imposed by chapter 220 on the
11 value of the dwelling or the income of the ultimate beneficiary
12 of the loan. The bill would be effective July 1, 1980.

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PROPOSED HOUSE FILE _____

By (PROPOSED COMMITTEE ON ENERGY
BILL RECOMMENDED BY THE ENERGY
CONSERVATION AVAILABILITY AND
USE SUBCOMMITTEE OF THE HOUSE
COMMITTEE ON ENERGY)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act providing a residential energy credit against indi-
2 vidual state income tax liability and making provisions
3 retroactive.

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

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1 Section 1. Section four hundred twenty-two point twelve
2 (422.12), Code 1979, as amended by Acts of the Sixty-eighth
3 General Assembly, 1979 Session, chapter ninety-three (93),
4 section six (6), is amended by adding the following new
5 subsection:

6 NEW SUBSECTION. A residential energy credit equal to
7 twenty percent of the residential energy credit to which the
8 taxpayer is entitled under section 44C of the Internal Revenue
9 Code of 1954 not to exceed sixty dollars. If the amount of
10 the credit computed under this subsection exceeds the
11 taxpayer's tax liability for the tax year reduced by the
12 credits allowed in subsections one (1) and two (2) of this
13 section the excess may be carried to the succeeding tax year
14 and deducted from the computed tax. However, no amount shall
15 be carried over to tax years beginning on or after January
16 1, 1988.

17 Married taxpayers electing to file separate returns or
18 filing separately on a combined return must allocate the
19 residential energy credit to each spouse in the proportion
20 that his or her respective net income bears to the total
21 combined net income. Taxpayers affected by the allocation
22 provisions of section four hundred twenty-two point eight
23 (422.8) of the Code are allowed a deduction for the credit,
24 but only in the amount allocable to Iowa under rules pre-
25 scribed by the director.

26 Sec. 2. This Act is effective retroactive to January 1,
27 1980 for tax years beginning on or after January 1, 1980.

28 Sec. 3. The credit allowed in section one (1) of this
29 Act may be claimed for qualifying expenditures incurred be-
30 tween January 1, 1980 and December 31, 1985.

31 Sec. 4. Section one (1) of this Act is repealed January
32 1, 1988.

33 Sec. 5. This Act, being deemed of immediate importance,
34 shall take effect from and after its publication in _____
35 _____, a newspaper published in _____,

1 Iowa, and in _____, a newspaper published
2 in _____, Iowa.

3 EXPLANATION

4 This bill provides a state individual income tax credit
5 equal to twenty percent of the residential energy credit
6 claimed by the taxpayer on his or her federal income tax
7 return. The total amount of the credit cannot exceed sixty
8 dollars. Eligible expenditures would be determined under
9 the Internal Revenue Code and limitations imposed on the
10 federal credit would apply.

11 To understand what types of expenditures would be eligible,
12 an explanation of the federal credit is necessary. The federal
13 residential energy credit applies to insulation, defined as
14 any item specifically or primarily designed to reduce the
15 heat loss or gain of the dwelling and to "other energy-
16 conserving components" including:

- 17 1. A furnace replacement burner that is more energy
18 efficient.
- 19 2. A device for modifying flue openings designed to
20 increase the efficiency of the heating system.
- 21 3. An electrical or mechanical furnace ignition system
22 that replaces a pilot light.
- 23 4. A storm or thermal window or door.
- 24 5. A clock thermostat.
- 25 6. Caulking or weatherstripping of an exterior window
26 or door.
- 27 7. Energy use display meters.
- 28 8. Other items identified by regulation as increasing
29 the energy efficiency of a dwelling.

30 The federal credit also includes expenditures for solar
31 and wind energy systems that provide space or water heating
32 or cooling for a residential dwelling. The renewable energy
33 source or energy conservation improvements must be made to
34 the taxpayer's principal residential dwelling located in the
35 United States and substantially constructed before April 20,

1 1977.

2 The original use must begin with the taxpayer and the im-
3 povement must be reasonably expected to remain in operation
4 for at least three years for energy conservation improvements
5 and five years for renewable energy source improvements.
6 The item must meet performance and quality standards if any
7 as stated by regulation.

8 The amount of the federal credit is 15% of the first \$2,000
9 of qualifying expenditures for energy conservation improvements
10 plus 30% of the first \$2,000 of qualifying expenditures for
11 renewable energy source improvements and 20% of remainder
12 up to \$10,000 of expenditures. The credit must equal at least
13 ten dollars. Other provisions include:

14 1. The state credit applies to expenditures made between
15 January 1, 1980 and December 31, 1985.

16 2. A credit can be carried over if it exceeds the
17 taxpayer's tax liability until 1987.

18 3. Owners, renters, stockholders of cooperative housing
19 associations and condominium management association members
20 are among those eligible for the credit if they both incurred
21 the expense and occupy the dwelling.

22 It should be pointed out that the federal credit does not
23 apply to passive solar systems nor can a landlord claim the
24 credit for otherwise qualifying improvements to property
25 rented to others.

26 If the amount of the state credit exceeds the taxpayer's
27 tax liability after the personal exemption and child care
28 credits have been taken, the excess may be carried over to
29 the next tax year.

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SUBCOMMITTEE RESOLUTION

By ENERGY CONSERVATION, AVAILABILITY AND
USE SUBCOMMITTEE OF THE SENATE AND
HOUSE STANDING COMMITTEES ON ENERGY

1 WHEREAS, OPEC price increases and proposed produc-
2 tion cutbacks as well as political instability in many
3 nations that supply crude oil to the United States make
4 random and imminent disruptions in oil supplies available
5 to this nation and this state very possible; and

6 WHEREAS, even small disruptions in supplies of
7 imported oil can cause significant hardships to the
8 public health, safety and welfare, particularly during
9 winter months, and may threaten the viability of Iowa's
10 heavily oil-dependent farm economy; and

11 WHEREAS, a comprehensive, coordinated and effective
12 response to an energy shortage is essential in order to
13 minimize the adverse effects of a shortage; and

14 WHEREAS, the federal fuel rationing bill recently
15 passed by Congress will not produce a plan for at least
16 several months; and

17 WHEREAS, the emergency energy plan to be drafted by
18 the Energy Policy Council is currently in the preparation
19 stage and is not estimated to be completed until late 1980,
20 leaving Iowa in the interim without a coordinated response
21 to a potential energy shortage; NOW THEREFORE,

22 BE IT RESOLVED BY THE ENERGY CONSERVATION, AVAILABILITY
23 AND USE SUBCOMMITTEE OF THE COMMITTEES ON ENERGY, That the
24 Subcommittee urges the Energy Policy Council to adopt before
25 January 14, 1980 an interim emergency energy plan all or
26 part of which the Council may recommend to the Governor for
27 implementation in the event that an acute shortage of usable
28 energy occurs in Iowa prior to the adoption of a permanent
29 emergency energy plan by the Council; and

30 BE IT FURTHER RESOLVED, That the Subcommittee requests

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1 that copies of the plan be submitted to members of
2 the General Assembly.

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LSB/dd/dg

PROPOSED SENATE/HOUSE FILE _____

By (PROPOSED COMMITTEE ON ENERGY
BILL RECOMMENDED BY THE ENERGY
CONSERVATION, AVAILABILITY AND
USE JOINT SUBCOMMITTEE)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act appropriating funds to the energy policy council to
2 purchase gasoline and middle distillates for a state
3 emergency fuel reserve.

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

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1 Section 1. There is appropriated from the general fund
2 of the state to the energy policy council for the fiscal year
3 beginning July 1, 1980 and ending June 30, 1981 the sum of
4 one million eight hundred forty-five thousand (1,845,000)
5 dollars, or so much thereof as may be necessary to be used
6 to purchase gasoline and middle distillates for a state-owned
7 emergency fuel reserve as authorized in section ninety-three
8 point seven (93.7), subsection nine (9) of the Code. Fuel
9 purchased under this section shall be stored only in state-
10 owned storage facilities.

11 EXPLANATION

12 This bill appropriates \$1,845,000 to the energy policy
13 council to purchase gasoline and middle distillates for a
14 state-owned emergency fuel reserve. The fuel can only be
15 stored in state-owned storage facilities.

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PROPOSED HOUSE FILE _____

By (PROPOSED COMMITTEE ON ENERGY
BILL RECOMMENDED BY THE ENERGY
CONSERVATION, AVAILABILITY AND
USE JOINT SUBCOMMITTEE OF THE
HOUSE COMMITTEE ON ENERGY)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to regulation of residential utility services.

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

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DIVISION I

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2 Section 1. Chapter thirteen (13), Code 1979, is amended
3 by adding the following new section:

4 NEW SECTION. CONSUMER UTILITY COUNSEL. The attorney
5 general shall appoint one assistant attorney general who shall
6 be known as the "consumer utility counsel" and who shall serve
7 as advocate for consumers of residential utility services
8 in proceedings before the Iowa state commerce commission,
9 as provided in section two (2) of this Act. State funds shall
10 not be used for salaries and support for the position created
11 by this section. The position shall be filled only if this
12 qualification is met.

13 Sec. 2. Chapter four hundred seventy-six (476), Code 1979,
14 is amended by adding the following new section:

15 NEW SECTION. CONSUMER COUNSEL. The consumer utility
16 counsel appointed under section one (1) of this Act is a
17 proper party, on behalf of consumers of residential utility
18 services, to any proceeding before the commission which
19 actually or potentially involves or affects rates and charges
20 for residential public utility services, including but not
21 limited to proceedings under this chapter and chapters four
22 hundred seventy-six A (476A), four hundred seventy-eight (478)
23 and four hundred seventy-nine (479) of the Code. The
24 commission shall provide by rule for the service of written
25 notice to the consumer utility counsel when any of these
26 proceedings are initiated. Upon entering an appearance in
27 a proceeding, the consumer utility counsel shall have the
28 same rights and privileges as a public utility which is a
29 party to the proceeding, but the interests represented by
30 the consumer utility counsel shall be presumed to be adverse
31 to those of the public utility.

32 Sec. 3. Section four hundred seventy-six point twelve
33 (476.12), Code 1979, is amended to read as follows:

34 476.12 REHEARINGS BEFORE COMMISSION. Any party, as defined
35 in section two (2) of this Act or the rules and regulations

1 promulgated by the commission as provided in section 476.2
2 hereof, to a proceeding before the commission may within
3 twenty days after the entry of the order apply for a rehearing.
4 The commission shall either grant or refuse an application
5 for rehearing within twenty days after the filing of the
6 application, or may after giving the interested parties notice
7 and opportunity to be heard and after consideration of all
8 the facts, including those arising since the making of the
9 order, abrogate or modify its order. A failure by the
10 commission to act upon such application for rehearing within
11 the above period shall be deemed a refusal thereof. Neither
12 the filing of an application for rehearing nor the granting
13 thereof shall stay the effectiveness of an order unless the
14 commission so directs.

15 Sec. 4. Section four hundred seventy-six point six (476.6),
16 unnumbered paragraph four (4), Code 1979, as the section is
17 amended by Acts of the Sixty-eighth General Assembly, 1979
18 Session, chapter one hundred seventeen (117), section (1),
19 is amended to read as follows:

20 Whenever there is filed with the commission by any public
21 utility subject to rate regulation any new or changed rates,
22 charges, schedules or regulations, the commission may, prior
23 to the effective date thereof, docket the case as a formal
24 proceeding and set the case for hearing. ~~The commission shall~~
25 ~~give such notice of such formal proceedings as it deems~~
26 ~~appropriate.~~ If the new or changed rates, charges, schedules
27 or regulations or any part of them result in either a
28 significant increase in the cost of service to one or more
29 classes of utility customers or a significant decrease in
30 the quality or amount of service to be provided to one or
31 more classes of utility customers then the commission shall
32 docket the case as a formal proceeding prior to the effective
33 date of the new or changed rates, charges, schedules or
34 regulations. When a filing has been docketed for formal
35 hearing, the commission shall provide for the receipt into

1 the record of oral and written testimony by interested
2 customers of the public utility or the customers'
3 representatives. Testimony shall be received at public
4 hearings held for this purpose and presided over by a member
5 or the commission. A public hearing shall be held in each
6 major population center within the affected service area of
7 the public utility. Written and oral testimony shall be
8 considered by the commission in reaching its decision. The
9 commission shall give reasonable notice to the public of
10 public hearings to be held and of formal proceedings of the
11 commission in the matter. The commission shall adopt rules
12 pursuant to chapter seventeen A (17A) of the Code to implement
13 this section. The commission may adopt reasonable rules to
14 regulate oral and written testimony.

15 Sec. 5. Section four hundred seventy-six A point six
16 (476A.6), Code 1979, is amended by adding the following new
17 unnumbered paragraph:

18 NEW UNNUMBERED PARAGRAPH. However, in addition to the
19 other requirements of this section, the commission must find
20 that the applicant has established and maintained a
21 comprehensive energy management program designed to reduce
22 peak loads and to increase efficiency of utilization of energy
23 by all classes of customers of the utility, and the commission
24 must find that the facility which the applicant seeks to
25 certify is required notwithstanding the existence of the
26 comprehensive energy management program. If the applicant
27 fails to submit evidence which establishes satisfaction of
28 the requirements of this paragraph the commission shall deny
29 the application.

30 Sec. 6. Section four hundred seventy-six A point twelve
31 (476A.12), Code 1979, is amended to read as follows:

32 476A.12 RULES. The commission shall adopt rules pursuant
33 to chapter 17A necessary to implement the provisions of this
34 chapter including but not limited to the promulgation of
35 facility siting criteria, the form for an application for

1 a certificate and an amendment to a certificate, the
2 description of information to be furnished by the applicant,
3 the requirements for the comprehensive energy management
4 program specified in section five (5) of this Act, the
5 determination of what constitutes a significant alteration
6 to a facility, and the establishment of minimum guidelines
7 for public participation in the proceeding.

8 Sec. 7. Chapter four hundred seventy-six (476), Code 1979,
9 is amended by the following new section:

10 NEW SECTION. UTILITY SERVICE RATES.

11 1. The commission shall continuously investigate and
12 analyze the various methods, practices and procedures used
13 by public utilities inside and outside of this state to
14 determine the costs of providing utility service and to
15 apportion those costs between the customers of the utility,
16 and shall identify those methods, practices and procedures
17 which are most effective in conserving energy or reducing
18 or retarding the growth of the costs of providing utility
19 service. The commission shall hold public hearings from time
20 to time as necessary or convenient in carrying out its duties
21 under this subsection.

22 2. The commission shall require, either by administrative
23 rule or by order issued in other proceedings under this
24 chapter, that public utilities which are subject to rate
25 regulation under this chapter adopt the methods, practices
26 and procedures which the commission has determined under
27 subsection one (1) of this section promote significant energy
28 conservation or significant improvements in the efficiency
29 of the production of utility services.

30 3. The commission shall include in its annual report under
31 sections seventeen point ten (17.10) and four hundred seventy-
32 six point sixteen (476.16) of the Code a summary of its
33 activities and findings under this section.

34 Sec. 8. Chapter four hundred seventy-six (476), Code 1979,
35 is amended by adding the following new section:

1 serve as consumer utility counsel representing residential
2 consumers in proceedings before the Iowa state commerce
3 commission. The position must be supported entirely by funds
4 other than state dollars.

5 Section 4 requires all tariffs that result in a significant
6 increase in cost or a significant decrease in service to a
7 class of utility customers to be docketed as formal proceedings
8 with public hearings required in each major population center
9 in the affected service area.

10 Sections 5 and 6 require a utility to establish a
11 comprehensive energy management program as a condition of
12 obtaining a certificate of convenience and necessity for
13 siting a new generating facility.

14 Sections 7 and 8 allow the Iowa state commerce commission
15 to require public utilities to use other energy conservation
16 procedures or methods including peakload management procedures.

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PROPOSED SENATE FILE _____

By (PROPOSED COMMITTEE ON ENERGY
BILL RECOMMENDED BY THE ENERGY
CONSERVATION AVAILABILITY AND
USE SUBCOMMITTEE OF THE
COMMITTEES ON ENERGY)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to and appropriating funds for the mass
2 transit project for state employees.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Acts of the Sixty-eighth General Assembly,
2 1979 Session, chapter eleven (11), section four (4), subsection
3 two (2), is amended to read as follows:

4 2. For the mass transit project
5 for state employees \$75,000 \$200,000

6 a. The project shall subsidize
7 ~~twenty-five~~ fifty percent of the
8 cost of mass transportation for
9 state employees if the state em-
10 ployees agree to abstain from
11 ~~parking~~ driving their motor vehi-
12 cles ~~on-state-property-at~~ to their
13 job site. In allocating funds ap-
14 propriated by this subsection to
15 continue the state assistance pro-
16 gram, the department shall review
17 each allocation to determine
18 whether the allocation should be
19 revised where a public transit
20 has received funds for the con-
21 tinuation and further develop-
22 ment of a mass transit project
23 for state employees.

24 b. The state department of
25 transportation shall report to
26 the subcommittee on transporta-
27 tion and law enforcement not
28 later than February 1, 1980 on
29 future needs of the state em-
30 ployee transportation subsidy
31 program.

32 EXPLANATION

33 This bill amends the mass transit program for state
34 employees funded in 1979 to pay fifty percent rather than
35 twenty-five percent of the cost of mass transportation for

1 state employees and appropriates \$200,000 for fiscal year
2 1980-1981.

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