An Act

ENROLLED HOUSE
BILL NO. 1366

By: Watson of the House

and

Bingman and Ivester of the Senate

An Act relating to cities and towns; creating the Oklahoma Municipal Energy Independence Act; establishing a municipal energy district authority; appointing certain persons to certain positions; establishing time and place for certain meetings; specifying general powers and duties of the authority; establishing certain boundaries; authorizing the authority to collect certain repayments of certain loans; stating parameters for eligibility; providing for lien on property; providing penalty for failure to repay certain loans; providing for grants for certain purposes; stating certain parameters for participation in certain program; providing for codification; and providing an effective date.

SUBJECT: Oklahoma Municipal Energy Independence Act

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 25-101 of Title 11, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Municipal Energy Independence Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 25-102 of Title 11, unless there is created a duplication in numbering, reads as follows:

A. The governing body of a municipality, by ordinance, may establish a municipal energy district authority for the municipality. The authority shall be a public trust as provided for in Sections 176 through 180.3 of Title 60 of the Oklahoma Statutes.

B. The authority shall consist of five trustees as follows:

1. The mayor of the municipality;

2. Two members of the governing board of the municipality; and

3. Two persons appointed by the mayor of the municipality who shall be residents of the municipality and shall not be elected officials.

C. The mayor of the municipality shall serve as chair of the authority.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 25-103 of Title 11, unless there is created a duplication in numbering, reads as follows:

The trustees of a municipal energy district authority shall establish a time and place for regular meetings and may hold special meetings as may be required for the proper transaction of business. Three trustees shall constitute a quorum for the transaction of business and upon all questions requiring a vote of the trustees there shall be a concurrence of three trustees for approval.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 25-104 of Title 11, unless there is created a duplication in numbering, reads as follows:

A. The trustees of a municipal energy district authority shall be authorized to:

1. Manage and conduct the business and affairs of the authority;

2. Make and execute all necessary contracts;

3. Secure funding through sources which may include:

a. issuance of notes or bonds,

b. public or private lenders,

c. grants or loans from other governmental entities when funds are available, or

d. any other public or private funding source;

4. Make loans directly to willing and consenting property owners or through a financial institution for the following purposes:

a. to finance the purchase and installation of distributed-generation renewable energy sources,

b. to make energy-efficient improvements or retrofits that are permanently affixed to residential, commercial, or industrial property,

c. to conduct residential and commercial building energy audits, and

d. to establish financial incentive programs for energy-efficient improvements; and

5. Make loans or other repayment mechanisms for capital expenditures available to implement green community programs and qualified energy-conservation projects.

B. The trustees of an energy district authority shall coordinate with electric utilities that provide electric service within the borders of the municipality on programs offered by the authority pursuant to the Oklahoma Municipal Energy Independence Act. No program offered by a municipal energy district authority shall be used directly or indirectly to compete against an electric service provider's similar program within the borders of the municipality for electric customers.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 25-105 of Title 11, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Municipal Energy Independence Act shall apply to developed property located within the borders of the municipality on which property taxes are paid and on which the owners of the property are current in the payment of the property taxes.

B. The trustees of a municipal energy district authority may enter into an agreement with a county to collect repayment of any loan made pursuant to the Oklahoma Municipal Energy Independence Act upon such terms as may be agreed to by the property owner and the municipal energy district authority.

C. Any loan made pursuant to the Oklahoma Municipal Energy Independence Act shall constitute a lien on the property which is the subject of the loan only upon the recording of a mortgage covering the property in the office of the county clerk. Any mortgage securing a loan shall be junior and inferior to all previously recorded liens or mortgages of any kind. The exclusive method of enforcing a lien for failure to repay any loan made pursuant to the Oklahoma Municipal Energy Independence Act shall be by judicial or nonjudicial foreclosure as provided by law.

D. Only appliances or energy-efficient improvements that are permanently affixed to the property shall be eligible for financing pursuant to the Oklahoma Municipal Energy Independence Act.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 25-106 of Title 11, unless there is created a duplication in numbering, reads as follows:

A municipal energy district authority may make grants to nonprofit organizations to perform energy-efficiency audits or retrofits on tax-exempt property.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 25-107 of Title 11, unless there is created a duplication in numbering, reads as follows:

A municipal energy district authority shall require those property owners participating in the program to:

1. Have an energy audit conducted on the property to be improved to demonstrate the value of the project; and

2. Submit proof that the improvements at a minimum meet "Energy Star" ratings.

SECTION 8. This act shall become effective November 1, 2011.

Passed the House of Representatives the 15th day of March, 2011.

Presiding Officer of the House of Representatives

Passed the Senate the 18th day of April, 2011.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Governor this 19th

day of April, **20** 11,

at 12:07 **o'clock** PM.

By: Jessica R. Boyer

Approved by the Governor of the State of Oklahoma the 25th **day of** April, **20** 11, **at** 4:35 **o'clock** PM.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Secretary of State this 25th **day of** April, **20** 11,

at 4:47 **o'clock** P. **M.**

By: Michelle R Day