

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 565**

Introduced by Louden, 49; Haar, 21; Schilz, 47; Wallman, 30.

Read first time January 21, 2009

Committee: Natural Resources

A BILL

- 1 FOR AN ACT relating to natural resources; to adopt the Woody
- 2 Biomass Energy Act.
- 3 Be it enacted by the people of the State of Nebraska,

1           Section 1. This act shall be known and may be cited as  
2 the Woody Biomass Energy Act.

3           Sec. 2. The Legislature finds that it is a public purpose  
4 of the state to efficiently use the natural resources of the state  
5 and it is a public purpose of the state to encourage the use of  
6 alternative energy sources. The Legislature finds that it is in  
7 the public interest to provide financial assistance to programs  
8 and projects essential for the use of renewable energy resources  
9 and to provide financial assistance to public institutions for the  
10 conversion of public buildings from current energy sources to the  
11 use of woody biomass.

12           Sec. 3. The Woody Biomass Energy Revolving Loan Fund is  
13 created. The State Energy Office shall administer the fund. The  
14 State Treasurer shall credit to the fund money appropriated by the  
15 Legislature, money paid as fees, deposits, payments, and repayments  
16 for loans from the fund, including principal and interest, money  
17 donated as gifts, bequests, or other contributions from public or  
18 private entities, and funds made available for purposes related to  
19 the Woody Biomass Energy Act by any agency of the United States.  
20 It is the intent of the Legislature to appropriate two million five  
21 hundred thousand dollars from the General Fund to the Woody Biomass  
22 Energy Revolving Loan Fund for FY2009-10 and for FY2010-11. Any  
23 money in the fund available for investment shall be invested by the  
24 state investment officer pursuant to the Nebraska Capital Expansion  
25 Act and the Nebraska State Funds Investment Act.

1           Sec. 4. The State Energy Office shall allocate money in  
2 the Woody Biomass Energy Revolving Loan Fund for loans to convert  
3 heating and cooling systems in public buildings from current energy  
4 sources to the use of woody biomass. The State Energy Office  
5 shall adopt and promulgate rules and regulations to carry out the  
6 Woody Biomass Energy Act. The rules and regulations shall include  
7 loan application procedures and forms, standards for projects  
8 for conversion from current energy sources to the use of woody  
9 biomass, including standards for development of such projects and  
10 economic and financial feasibility standards for such projects, and  
11 terms and conditions for loan agreements under the act, including  
12 reasonable rates of interest.

13           Sec. 5. Any agency of state or local government may  
14 apply to the State Energy Office for a loan from the Woody  
15 Biomass Energy Revolving Loan Fund. The application shall include  
16 (1) a description of the public building in which the conversion  
17 to woody biomass will occur, (2) a description of the current  
18 use of the building and any plans for change in such use, (3)  
19 detailed plans for implementation and completion of the project  
20 to convert from current energy sources to woody biomass, (4) a  
21 request for a specific dollar amount to accomplish the project,  
22 (5) an itemized budget for the project to justify the amount  
23 requested, (6) a feasibility study for the project which indicates  
24 positive implementation and financial results, (7) a plan for loan  
25 repayment, and (8) any other information deemed necessary by the

1 Director of the State Energy Office.

2           Sec. 6. The Director of the State Energy Office shall  
3 investigate and evaluate applications for loans from the Woody  
4 Biomass Energy Revolving Loan Fund. The director shall make  
5 findings as to whether an application presents a project that  
6 (1) is economically and financially feasible based on standards  
7 established in the rules and regulations adopted and promulgated  
8 pursuant to the Woody Biomass Energy Revolving Loan Fund, (2)  
9 meets the standards for development established in such rules and  
10 regulations, (3) minimizes adverse impacts on the state's natural  
11 resources, and (4) is within the capability of the applicant to  
12 complete and maintain.

13           Sec. 7. The State Energy Office may approve loan  
14 applications under the Woody Biomass Energy Act based on the  
15 findings of the Director of the State Energy Office and the money  
16 available in the Woody Biomass Energy Revolving Loan Fund. The  
17 State Energy Office shall enter into an agreement in the name of  
18 the state with the applicant that specifies (1) the amount of the  
19 loan, (2) specific purpose of the loan, (3) the terms of use of  
20 the loan, (4) the terms for repayment of the loan to the fund,  
21 including interest at a reasonable rate established by the State  
22 Energy Office, and (5) penalties in the event that the applicant  
23 fails to apply the funds in accordance with the agreement or  
24 defaults on the terms for repayment of the loan.