

**SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION**

**S.F. No. 4686**

(SENATE AUTHORS: MCEWEN)

DATE  
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OFFICIAL STATUS  
Introduction and first reading  
Referred to Energy, Utilities, Environment, and Climate

1.1 A bill for an act  
1.2 relating to energy; establishing a geothermal heat exchange system rebate program;  
1.3 establishing an account; appropriating money; proposing coding for new law in  
1.4 Minnesota Statutes, chapter 216C.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[216C.47] GEOTHERMAL HEAT EXCHANGE SYSTEM REBATE**  
1.7 **PROGRAM.**

1.8 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have  
1.9 the meanings given.

1.10 (b) "Eligible applicant" means a person, business, nonprofit, government entity, or  
1.11 religious institution that provides evidence to the commissioner's satisfaction demonstrating  
1.12 the person has received or has applied for a geothermal heat exchange system rebate available  
1.13 from the United States Department of the Treasury under the Inflation Reduction Act of  
1.14 2022, Public Law 117-189, for a building located in Minnesota.

1.15 (c) "Geothermal heat exchange system" means a heating or cooling exchange mechanism,  
1.16 including a heat pump, composed of a mechanism to collect heat from underground utilizing  
1.17 a series of connected pipes.

1.18 Subd. 2. **Establishment.** A geothermal heat exchange system rebate program is  
1.19 established in the department to provide financial assistance to eligible applicants that  
1.20 purchase and install geothermal heat exchange technology in the applicant's building.

2.1 Subd. 3. **Application.** (a) An application for a rebate under this section must be made  
2.2 to the commissioner on a form developed by the commissioner. The application must be  
2.3 accompanied by documentation, as required by the commissioner, demonstrating that:

2.4 (1) the applicant is an eligible applicant;

2.5 (2) the applicant owns the building in which the geothermal heat exchange system is to  
2.6 be installed;

2.7 (3) an energy audit of the building in which the geothermal heat exchange system is to  
2.8 be installed has been conducted within the 18 months preceding the application date by a  
2.9 person with a building analyst technician certification issued by the Building Performance  
2.10 Institute, Inc., or an equivalent certification, as determined by the commissioner;

2.11 (4) the applicant has purchased a geothermal heat exchange system with the capacity  
2.12 recommended by the auditor or contractor, and has had the geothermal heat exchange system  
2.13 installed by a contractor with sufficient training and experience in installing heat pumps,  
2.14 as determined by the commissioner; and

2.15 (5) the total cost to purchase and install the geothermal heat exchange system, including  
2.16 the associated geothermal loop installed and located outside the building, in the applicant's  
2.17 building.

2.18 (b) The commissioner must develop administrative procedures governing the application  
2.19 and rebate award processes.

2.20 (c) The commissioner may modify program requirements under this section if necessary  
2.21 to align with comparable federal programs administered by the department under the Inflation  
2.22 Reduction Act of 2022, Public Law 117-189.

2.23 Subd. 4. **Rebate amount.** (a) A rebate awarded under this section must not exceed the  
2.24 lower of:

2.25 (1) for a single-family home: (i) \$6,000; or (ii) the total cost to purchase and install the  
2.26 geothermal heat exchange system in an eligible applicant's building, net of the rebate amount  
2.27 the applicant received for the geothermal heat exchange system from the United States  
2.28 Department of the Treasury under the Inflation Reduction Act of 2022, Public Law 117-18;  
2.29 or

2.30 (2) for multifamily housing and commercial buildings: (i) five percent of all system  
2.31 costs, not to exceed \$50,000 for a single project; or (ii) the total cost to purchase and install  
2.32 the geothermal heat exchange system in an eligible applicant's building, net of the rebate

3.1 amount the applicant received for the geothermal heat exchange from the United States  
 3.2 Department of the Treasury under the Inflation Reduction Act of 2022, Public Law 117-18.

3.3 Subd. 5. **Prevailing wage.** A project with a total system capacity over 284 tons that  
 3.4 receives financial assistance under this section is subject to the requirement to pay the  
 3.5 prevailing wage rate, as defined in section 177.42, and the requirements and enforcement  
 3.6 provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

3.7 Subd. 6. **Prioritization.** When evaluating applications under this program, the  
 3.8 commissioner must give priority to applications that:

3.9 (1) for single family homes, are not currently served by a natural gas utility;

3.10 (2) are located in environmental justice areas, as defined in section 115A.03, subdivision  
 3.11 10b; and

3.12 (3) have submitted a workforce plan demonstrating the intention to use registered  
 3.13 apprenticeships.

3.14 Subd. 7. **Account established.** (a) The geothermal heat exchange system rebate account  
 3.15 is established as a separate account in the special revenue fund in the state treasury. The  
 3.16 commissioner must credit to the account appropriations and transfers made to the account.  
 3.17 Earnings, including interest, dividends, and any other earnings arising from assets of the  
 3.18 account, must be credited to the account. Money remaining in the account at the end of a  
 3.19 fiscal year does not cancel to the general fund, but remains in the account until expended.  
 3.20 The commissioner must manage the account.

3.21 (b) Money in the account is appropriated to the commissioner for the purposes of this  
 3.22 section and to reimburse the reasonable costs of the department to administer this section.

3.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.24 Sec. 2. **APPROPRIATION.**

3.25 \$..... in fiscal year 2025 is appropriated from the general fund to the geothermal heat  
 3.26 exchange system under Minnesota Statutes, section 216C.47, subdivision 7. This  
 3.27 appropriation does not cancel, but remains available until December 31, 2032. Any money  
 3.28 remaining in the account on January 1, 2033, cancels to the general fund.

3.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.