

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 2900

(SENATE AUTHORS: MCEWEN, Xiong and Mitchell)		
DATE	D-PG	OFFICIAL STATUS
03/24/2025	1008	Introduction and first reading
		Referred to Energy, Utilities, Environment, and Climate
03/27/2025	1116	Author added Mitchell

1.1

A bill for an act

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relating to energy; establishing a geothermal heat exchange system rebate program;

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appropriating money; proposing coding for new law in Minnesota Statutes, chapter

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216C.

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

1.6

Section 1. [216C.49] GEOTHERMAL HEAT EXCHANGE SYSTEM REBATE

1.7

PROGRAM.

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Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have

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the meanings given.

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(b) "Eligible applicant" means a person, business, nonprofit, government entity, federally

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recognized Tribe in Minnesota, or religious institution that provides evidence to the

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commissioner's satisfaction demonstrating the applicant has received or has applied for a

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geothermal heat exchange system rebate available from the United States Department of

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Treasury under the Inflation Reduction Act of 2022, Public Law 117-189, for a commercial

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or multifamily building located in Minnesota.

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(c) "Geothermal heat exchange system" means a heating or cooling exchange device

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composed of a mechanism that collects or rejects heat from or to the underground.

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Subd. 2. Establishment. A geothermal heat exchange system rebate program is

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established in the department to provide financial assistance to eligible applicants that install

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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:

2.4 (1) the applicant is an eligible applicant;

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

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

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

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

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

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

2.22 Subd. 4. **Rebate amount.** A rebate awarded under this section must not exceed the lesser
2.23 of:

2.24 (1) 15 percent of geothermal heat exchange system costs, not to exceed \$100,000 for a
2.25 single project; or

2.26 (2) the total cost to purchase and install the heat exchange system in an eligible applicant's
2.27 building, net of financial support received for the system from other federal, state, or utility
2.28 programs.

2.29 Subd. 5. **Prioritization.** When evaluating applications under this section, the
2.30 commissioner must give priority to applications for multifamily housing or commercial
2.31 buildings that:

2.32 (1) are owned by a nonprofit or government entity; and

3.1 (2) meet the definition of low-income rental property under section 273.128.

3.2 Subd. 6. **Account established.** (a) A geothermal heat exchange system rebate account
3.3 is established as a separate account in the special revenue fund in the state treasury. The
3.4 commissioner must credit appropriations and transfers to the account. Earnings, including
3.5 interest, dividends, and any other earnings arising from assets of the account, must be
3.6 credited to the account. Money remaining in the account at the end of a fiscal year does not
3.7 cancel and remains in the account until expended. The commissioner must manage the
3.8 account.

3.9 (b) Money in the account is appropriated to the commissioner to award rebates under
3.10 this section and to reimburse the reasonable costs incurred by the department to administer
3.11 this section. Money remaining in the account on January 1, 2033, cancels to the renewable
3.12 development account.

3.13 Sec. 2. **APPROPRIATIONS.**

3.14 (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
3.15 \$..... in fiscal year 2026 is appropriated from the renewable development account under
3.16 Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for
3.17 the geothermal heat exchange system rebate program under Minnesota Statutes, section
3.18 216C.49. A rebate awarded with money appropriated under this paragraph must be awarded
3.19 only to projects that are located within the electric service area of the public utility subject
3.20 to Minnesota Statutes, section 116C.779.

3.21 (b) \$..... in fiscal year 2026 is appropriated from the general fund to the commissioner
3.22 of commerce for the geothermal heat exchange system rebate program under Minnesota
3.23 Statutes, section 216C.49. A rebate awarded with money appropriated under this paragraph
3.24 must be awarded only to projects that are located outside the electric service area of the
3.25 public utility subject to Minnesota Statutes, section 116C.779.