

Legislative Analysis



ENERGY EFFICIENCY & RENEWABLE ENERGY: REVOLVING FUND FOR LOANS & GRANTS

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House Bill 5375 without amendment
Sponsor: Rep. Dan Scripps
Committee: Energy and Technology

Complete to 10-1-09

A SUMMARY OF HOUSE BILL 5375 AS REPORTED FROM COMMITTEE 9-29-09

The bill would create the Energy Efficiency and Renewable Energy Revolving Loan Fund to operate a program to provide loans, grants, and other forms of assistance to public or private entities for efficiency and renewable energy projects.

Fund structure. The State Treasurer could accept money or assets from any source for deposit into the fund, and would also direct the fund's investments, crediting the fund with interest and earnings from its investments. Money in the fund at the close of the fiscal year would remain in it, rather than lapsing to the General Fund. The Department of Energy, Labor, and Economic Growth would be the fund's administrator for auditing purposes.

Allowable expenditures. Money from the fund could only be spent, upon appropriation, to administer and operate a program to provide loans, grants, and other forms of assistance to public or private entities for efficiency and renewable energy projects. The program must be consistent with Part D of Title III of the federal Energy Policy and Conservation Act, 42 USC 6321-6326, and other applicable state and federal laws.

Eligibility; conditions; loan agreements. The department would determine project eligibility, assistance amounts, and other conditions. Loan recipients would have to enter into a loan agreement that contains appropriate terms relating to maturity, repayment, state or local funding requirements, and other provisions that may be necessary to comply with state and federal laws.

[Note: As introduced, this bill and Senate Bill 852 are identical.]

FISCAL IMPACT:

The bill would establish a revolving loan fund that would provide financial assistance (loans, grants, etc) to public and private entities for "energy efficiency and renewable energy projects" consistent with the State Energy Program (SEP) provisions of the federal Energy Policy and Conservation Act, PL 94-163. [See, also, Title 10 (Energy), Part 420 (State Energy Program) of the Code of Federal Regulations.]

The bill provides that the fund may receive money or other assets "from any source." The Department of Energy, Labor, and Economic Growth, indicates that the fund would receive approximately \$10.0 million from available SEP funds received by the state under the American Recovery and Reinvestment Act, PL 111-9 (ARRA). The state's ARRA-SEP allocation, totaling \$82.0 million, was appropriated by the Legislature in 2009 PA 38 (HB 4308), effective June 9, 2009.

Of the \$10.0 million initially allocated to the revolving loan fund, \$5.0 million is to be allocated for energy efficiency and renewable energy projects within state-owned buildings. Eligible projects include energy performance contracting and the installation of energy efficient (and commercially-available) lighting, mechanical systems, water heating systems, advanced control systems, smart metering systems, insulation and other building envelope components, boilers, and furnaces. The remaining \$5.0 million is to be allocated for private sector activities involving energy efficiency, renewable energy, and advanced manufacturing of commercially available technology systems and components.

POSITIONS:

The Department of Energy, Labor, and Economic Growth supports the bill. (9-29-09)

Clean Water Action indicated support for the bill. (9-29-09)

The Michigan Environmental Council indicated support for the bill. (9-29-09)

The Michigan Sustainable Energy Coalition indicated support for the bill. (9-29-09)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.