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BILL



ANALYSIS

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Senate Bill 852 (as introduced 9-21-09)
Sponsor: Senator Patricia L. Birkholz
Committee: Energy Policy and Public Utilities

Date Completed: 9-23-09

CONTENT

The bill would create a new act to establish the "Energy Efficiency and Renewable Energy Revolving Loan Fund" to provide assistance for energy efficiency and renewable energy projects.

The bill would create the Fund within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The State Treasurer would have to direct the Fund's investment, and credit to it any interest and earnings. Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the General Fund. The Department of Energy, Labor, and Economic Growth (DELEG) would be the Fund's administrator for auditing purposes.

The Department could spend Fund money, upon appropriation, only to administer and operate a program to provide loans, grants, and other forms of assistance to public or private entities for energy efficiency and renewable energy projects. The program would have to be consistent with a part of the Energy Policy and Conservation Act (42 USC 6321 to 6326) and other applicable State and Federal law. Projects eligible for assistance from the program, the amount of assistance provided, and other conditions would have to be determined by DELEG.

If program assistance were in the form of a loan, it would have to be made through a loan agreement. A loan agreement would have to contain appropriate provisions related to maturity or length of the loan, repayment terms, State or local funding requirements, and other provisions necessary to comply with State and Federal law.

Legislative Analyst: Julie Cassidy

BACKGROUND

Sections 6321 through 6326 of the Energy Policy Conservation Act pertain to state energy conservation plans. Section 6321 states, "It is the purpose of this part to promote the conservation of energy and reduce the rate of growth of energy demand by authorizing the Secretary [of the U.S. Department of Energy] to establish procedures and guidelines for the development and implementation of specific State energy conservation programs and to provide Federal financial and technical assistance to States in support of such programs."

FISCAL IMPACT

The proposed Energy Efficiency and Renewable Energy Revolving Loan Fund would have authority to return interest earnings and carry forward any balance at the end of the year. Staff from the Department of Energy, Labor, and Economic Growth have indicated that the Fund would be used to operate a revolving loan program funded by a portion of the State's American Recovery and Reinvestment Act (ARRA) appropriations for the State Energy Program. These funds were previously appropriated and are available for this purpose.

The Department indicates that \$5.0 million would be allocated initially for energy efficiency and renewable energy projects in State buildings, and an additional \$5.0 million would be used for energy efficiency, renewable energy, and advanced manufacturing projects in private companies.

Fiscal Analyst: Elizabeth Pratt
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.