

E-mail update re: energy & environment portions of stimulus package

**From:** fedleg-owner@sml.nlc.org [mailto:fedleg-owner@sml.nlc.org] **On Behalf Of** Carolyn Berndt  
**Sent:** Tuesday, January 27, 2009 11:43 AM  
**To:** fedleg@sml.nlc.org  
**Subject:** Economic Recovery Update - Energy and Environment

Hello,

As the House prepares to debate and vote on the American Recovery and Reinvestment Act of 2009 (HR 1) today and tomorrow, I wanted to provide you with an update on the energy and environment portions of the bill.

HR 1 designates \$3.5 billion for the **Energy Efficiency and Conservation Block Grant**, which is greater than the program's authorization level of \$2 billion. It is my understand that the Department of Energy is close to finalizing guidelines on the program so that the money can be available to state and local governments as soon as possible after the stimulus bill is passed.

HR 1 also includes \$6.2 billion for the **Weatherization Assistance Program** and \$1 billion for **LIHEAP**.

There are also a number of **energy-related tax provisions** in the bill, including:

- An extension of the **renewable energy production tax credit**, generally for three years. Under current law, the credit applies for different periods depending on the source of the energy, and thus the extensions in the measure vary based on the energy source.
- An additional \$1.6 billion in **Clean Renewable Energy Bonds** that are used to finance facilities that produce energy from certain renewable sources. Under the current-law rules for the bonds, this allocation will be divided three ways, so that one-third will go to projects by state, local and tribal governments; one-third to public power providers; and one-third to electric cooperatives.
- An authorization of \$2.4 billion in **energy conservation bonds**, which would be used to finance conservation efforts, including certain capital expenditures, grants or expenditures to support research, mass commuting facilities, demonstration projects, and public education campaigns. The measure also permits the energy conservation bonds to be used to finance loans and grants to implement green community programs.

For water, the bill proposes \$6 billion for the Clean Water State Revolving Loan Fund and \$2 billion for the Drinking Water State Revolving Loan Fund. For each of those SRFs, 50 percent is for loans under the traditional SRF and 50 percent is for additional subsidization, as determined by the state, for forgiveness of principal, negative interest loans and grants to municipalities for projects that are included on the state's priority list.

For the Clean Water SRF, 80 percent of the 50 percent that is available for additional subsidization must meet the affordability criteria. It is my understanding that this criteria does not exist at the state level, is not uniform across states and/or is a hard criteria to meet.

HR 1 also includes \$800 million for **Superfund** and \$100 million for **Brownfields** remediation.

As HR 1 moves forward, there are a number of proposed amendments that will be debated, including:  
#156 - Would mandate that 100 percent, as opposed to 50 percent, of the Clean Water State Revolving Fund funding in the bill goes toward grants, forgiveness of principle, and negative interest loans.  
#175 - Would increase funding for the Clean Water State Revolving Fund to \$12 billion.  
#201 - Would expand the Weatherization Assistance Program eligibility from 200 percent of the poverty level to an annual household income of \$250,000 for access to energy efficiency home improvements.

The Senate Appropriations Committee is marking up their version of the bill as we speak and language is slowly coming out. The Senate draft includes \$800 million for **Superfund**, \$100 million for **Brownfields**, \$4 billion for the **Clean Water SRF**, and \$2 billion for the **Drinking Water SRF**. No confirmation yet on funding for the Energy Efficiency and Conservation Block Grant.

For the SRFs, priority must be given to projects that are “shovel ready” where construction can begin in 180 days. The bill also allows for principal forgiveness and negative interest loans. There is no mention of grants.

Please let me know if you have any questions. I will keep you posted on developments in the energy-environment area.

Thanks,  
Carolyn

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