

# Legislative Analysis

---



## REQUIRE DELEG TO PRIORITIZE GRANTS BASED ON AGGREGATION OF EFFORT & EFFICIENCY

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4973**

**Sponsor: Rep. Ellen Cogen Lipton**

**Committee: Intergovernmental and Regional Affairs**

**Complete to 5-27-09**

### A SUMMARY OF HOUSE BILL 4973 AS INTRODUCED 5-19-09

House Bill 4973 would create a new act to require the Department of Energy, Labor, and Economic Growth to give priority consideration to nonprofit local government organizations that are encouraging both aggregation of effort and increased efficiency among their members, when department officials distribute grants for local government energy efficiency projects, or for local government renewable energy projects (including those funded by the U. S. Department of Energy).

Definitions. Under the bill, "eligible units of local government" would be defined to mean a city, village, township, or county. The term "aggregation" would be defined to mean two or more collaborating cities, villages, or townships that have combined populations of more than 35,000, or two or more collaborating counties that have combined populations of more than 200,000. "Energy efficiency and conservation block grant program" is defined to mean the federal energy efficiency and conservation block grant program authorized under the Energy Independence and Security Act, Public Law 110-140, that is operated by the department. "Nonprofit local government organization" would be defined to mean a nonprofit entity incorporated under state and federal law that has eligible units of local government as its paid members, and has a written agreement with those members to work on energy initiatives on their behalf.

### FISCAL IMPACT:

The bill appears to have no real fiscal impact on the Department of Energy, Labor, and Economic Growth. The department, primarily through the Bureau of Energy Systems, receives funding from the U.S. Department of Energy for a variety of programs including, most notably, the State Energy Program (SEP) and the Energy Efficiency and Conservation Block Grant (EECBG) programs. Both of these programs were funded under the American Recovery and Reinvestment Act, with the state's share totaling \$82.1 million under the SEP and at least \$19.6 million under the EECBG. (These funds are appropriated in HB 4308.) The primary factor, however, in determining how the bureau awards subgrants for these two programs would be federal law and any related regulations and guidance.

It appears that the bill is intended to apply to the EECBG block grant program. The bill defines "energy efficiency and conservation block grant program," but does not use that

term anywhere else in the bill. Moreover, the definition of "aggregation" appears to refer to the smaller local units that are not eligible for a direct EECBG award from the Department of Energy but meet the population requirements for an entitlement community under the EISA by collaborating with other units. (These local units still wouldn't be eligible for a direct federal grant.)

The Recovery Act appropriated \$3.2 billion for the EECBG program, with \$2.8 million awarded by the statutory formula established in the Energy Independence and Security Act of 2007, PL 110-140, which first established the EECBG program and \$400.0 million available to governmental entities on a competitive basis.<sup>1</sup> Under the EISA, EECBG funds are to be distributed as follows (1) 68% of the available funds are distributed to cities with a population of at least 35,000 and counties with a population of at least 200,000;<sup>2</sup> (2) 28% is distributed to states; (3) 2% is distributed to tribal governments; and (4) 2% is distributed to eligible entities on a competitive basis. Of the funds received by the state, at least 60% must be subgranted to local governments not eligible for a direct award.

In March 2009, the Department of Energy issued the EECBG funding opportunity announcement (FOA), which provides guidance to states and entitlement communities in applying for EECBG funds<sup>3</sup>. The state's application is due to the DOE on June 25, 2009, (the due date was originally May 26, but later delayed by a month). As part of the state's application, the Bureau of Energy Systems will specify how EECBG funds will be disbursed to local governments. It would appear that the department cannot deviate from the method approved by the Department of Energy. The DELEG-BES has indicated that requests for proposals (RFPs) for non-entitlement EECBG awards will be issued in early August, with proposals due later in the month. Awards should be made sometime in October. At this time, it is anticipated that grant awards will range between \$50,000 and \$140,000 for municipalities, between \$50,000 and \$650,000 for counties, and \$50,000 and \$400,000 for multi-jurisdictional collaborative efforts. Selection of awardees will be based on jobs created or retained, the cost effectiveness of energy savings, reductions in greenhouse gas emissions, other funds leveraged, the population served, and the ability of the project to be completed within the time requirements specified in the Recovery Act.<sup>4</sup>

For additional information on EECBG, see the following websites:

- Department of Energy EECBG Program website: <http://www.eecbg.energy.gov/>

---

<sup>1</sup> See Title V (Energy Savings in Government and Public Institutions), Subtitle E (Energy Efficiency and Conservation Block Grants) of the Energy Independence and Security Act. The EECBG program is designed very much like the Community Development Block Grant program.

<sup>2</sup> The EISA specifically states "cities," although the Department of Energy has noted that "cities" includes townships and villages as well. The population of a county is determined by subtracting out the population of local units within the county that are eligible for a direct award.

<sup>3</sup> The FOA was issued on March 26, 2009, and is available through, [<http://www.fedconnect.net>]. Search for reference number DE-FOA-0000013.

<sup>4</sup> See the bureau's presentation at a seminar with Department of Energy, hosted by the Southeast Michigan Council of Governments, [[http://www.michigan.gov/documents/dleg/State\\_EECBG\\_Strategy\\_-\\_Patrick\\_281258\\_7.pdf](http://www.michigan.gov/documents/dleg/State_EECBG_Strategy_-_Patrick_281258_7.pdf)].

- Department of Energy, Labor, and Economic Growth - Bureau of Energy Systems website: <http://www.michigan.gov/dleg/0,1607,7-154-25676---,00.html>
- Michigan Municipal League (MML) EECBG website: [http://www.mml.org/advocacy/federal/eecbg\\_info.htm](http://www.mml.org/advocacy/federal/eecbg_info.htm)

Legislative Analyst: J. Hunault  
Fiscal Analyst: Mark Wolf

---

■ 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.