

## Colorado Climate Network Update Key Elements of Federal Stimulus Legislation For Local Government Climate and Energy Programs

Updated March 5, 2009

<a href="#">Conference Report on H.R. 1</a> As enacted into <a href="#">law</a> , February 19.	<b>Related Current Laws &amp; Programs</b>
<b>DOE Energy Efficiency and Conservation Block Grants (EECBG)</b>	
<p><b>Bill provision:</b> Title IV (Energy and Water Development): Department of Energy: Energy Programs: Energy Efficiency and Renewable Energy (pages 24 and 29-30 of the conference report).</p> <p><b>Funding level:</b> \$3.2 billion.</p> <p><b>Allocation of funds:</b> First, \$2.8 billion will be allocated under the previous law, the <a href="#">Energy Independence and Security Act of 2007</a> (beginning on page 177), with one amendment. Section 404 of the new stimulus law clarifies the previous law so that of the 68% of EECBG funds to be distributed directly to eligible local governments, half (or 34% of all funds) is to be distributed under the previous law’s “alternative 1” formula and half (34% of all funds) under its “alternative 2” formula. See the right-hand column of this table for an explanation. Local governments eligible under both alternatives will receive more funds than those eligible under only one alternative. According to the new law, in allocating funds under the previous law, DOE is to use the most recent and accurate population data available (presumably most important with respect to the “day-time population” of areas; again, see</p>	<p><b>Current program established by:</b> Sections 541-548 of the <a href="#">Energy Independence and Security Act of 2007</a> (beginning on page 177). This new program, based on the Community Development Block Grant program, has not previously been funded and there are not yet any DOE rules for it. DOE will need to issue a rule on the allocation formula and other matters before funds can be disbursed.</p> <p><b>Eligible entities:</b> Local governments, state governments, and Indian tribes.</p> <p><b>Distribution of funds:</b> DOE is to distribute funds:</p> <ul style="list-style-type: none"> <li>• 68% directly to eligible local governments according to an allocation formula to be set by DOE based on (1) population and (2) day-time population and other factors such as square footage of commercial, office, and industrial space.</li> </ul> <p>The previous law provides two different categories of eligible local governments. “Alternative” 1 is cities over 35,000 in population (or</p>

<p>the right-hand column).</p> <p>Second, \$400 million will be awarded as on a competitive basis. No detail is provided in the statutory language of the new law, the statement of managers in the conference report, or in previous committee reports about how those funds are to be awarded or to whom. <sup>1</sup>[Also, the appropriation of \$2.8 billion for allocation under the previous law (see the previous paragraph) means that 2% of that total, or \$56 million, will also be available for competitive grants to be awarded by DOE under section 546, for a total of \$456 million.]</p>	<p>among the 10 largest in a state) and counties over 200,000 (or among the 10 largest in the state). Twenty cities over 35,000 in Colorado and our 10 largest counties qualify.<sup>2</sup> “Alternative 2” includes cities over 50,000 and counties over 200,000. Fifteen cities and an undetermined number of counties in Colorado qualify.<sup>3</sup> The apparent intent of the previous law is that half of the direct payments to local governments are to go to “Alternative 1” cities and counties and half to “Alternative 2,” but the way that provision is worded is inconsistent with other parts of previous law; that provision has been deleted by a technical-correction amendment in section 404 of H.R. 1 and replaced by the new provision described to the left.</p> <ul style="list-style-type: none"> <li>• 28% to states, according to an allocation formula to be set by DOE. A state must grant at least 60% of its funds to local governments smaller than those getting direct block grants.</li> <li>• 2% through a DOE competitive-grant program to local governments too small to be an “eligible local government” getting direct grants (see above), with a priority to local governments in states with populations under 2 million (and so not Colorado).</li> <li>• 2% to Indian tribes.</li> </ul>
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<sup>1</sup> DOE has since [said](#) that all entities eligible for any grants under the Act – including states, large cities and counties, and smaller ones – will be eligible for the competitive grants.

<sup>2</sup> Eligible Colorado cities under alternative 1 appear to RMCO to be Arvada, Aurora, Boulder, Broomfield, Castle Rock, Centennial, Colorado Springs, Commerce City, Denver, Fort Collins, Grand Junction, Greeley, Lakewood, Littleton, Longmont, Loveland, Parker, Pueblo, Thornton, and Westminster. Eligible Colorado counties under alternative 1 appear to RMCO to be Adams, Arapahoe, Boulder, Douglas, El Paso, Garfield, Jefferson, Larimer, Mesa, and Weld. There is uncertainty, as DOE has [said](#) that in calculating the populations of counties for this grant program, it will exclude from a county’s population the population of any city large enough to be eligible for direct grants that is in that county. For example, the population of Pueblo County less that of the City of Pueblo is just less than that of Garfield County. RMCO has not attempted to do all such relevant calculations. DOE also has [said](#) that combined cities and counties will be treated just as cities.

<sup>3</sup> Eligible Colorado cities under alternative 2 appear to RMCO to be all under alternative 1 **except** Castle Rock, Commerce City, Grand Junction, Littleton, and Parker. RMCO has not estimated which Colorado counties have populations over 200,000 after subtracting the populations of cities that are eligible for direct grants.

	<p><b>Use of funds, limits, and cost-share requirements:</b> Funds may be used by grant recipients for activities listed in section 544 of the <a href="#">Act</a> (beginning on page 179). Under section 545(b)(3) (beginning on page 181), local governments may use up to 10% of their grant funds for administrative expenses; other restrictions are also in that section.</p>
<p><b>Alternative Vehicle Pilot Program</b></p>	
<p><b>Bill provision:</b> Title IV (Energy and Water Development): Department of Energy: Energy Programs: Energy Efficiency and Renewable Energy. Spending level specified in the statement of managers in the conference report. (Page 427 of the conference report.)</p> <p><b>Funding level:</b> \$300 million.</p>	<p><b>Current program established by:</b> <a href="#">42 U.S.C. 16071-16073</a>.</p> <p><b>Eligible entities:</b> Local governments, state governments, and metropolitan transportation agencies.</p> <p><b>Distribution of funds:</b> Competitive grants.</p> <p><b>Use of funds, limits, and cost-share requirements:</b> Grants are for pilot projects demonstrating maximum environmental protection through the use of alternative-fuel vehicles. Grant funds may be used to buy such vehicles as neighborhood electric vehicles, motorized bicycles for police use, hybrid school buses, and ultra-low-sulfur-diesel vehicles, and for installation and maintenance of fueling infrastructure. No more than 30 grants may be awarded. Grants may not exceed \$15 million each, 50% of project costs, or 5 years in duration.</p>
<p><b>Transportation Electrification</b></p>	
<p><b>Bill provision:</b> Title IV (Energy and Water Development): Department of Energy: Energy Programs: Energy Efficiency and Renewable Energy. Spending level specified in the statement of managers in the conference report. (Page 427 of the conference report.)</p> <p><b>Funding level:</b> \$400 million.</p>	<p><b>Current program established by:</b> Section 131 of the <a href="#">Energy Independence and Security Act of 2007</a> (beginning on page 18), authorizes 2 grant programs. Local governments are eligible for grants under one, the Plug-in Electric Drive Vehicle Program, described here.</p> <p><b>Eligible entities:</b> Local governments, state governments, businesses, nonprofits, and others.</p>

	<p><b>Distribution of funds:</b> Competitive grants.</p> <p><b>Use of funds, limits, and cost-share requirements:</b> Grants are to be used to encourage the use of plug-in electric drive vehicles and other emerging electric vehicle technologies. Grantees may have to pay up to 50% of project costs under <a href="#">42 U.S.C. 16352</a>.</p>
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**State Energy Conservation Programs  
[No direct funding to local governments]**

<p><b>Bill provision:</b> Title IV (Energy and Water Development): Department of Energy: Energy Programs: Energy Efficiency and Renewable Energy (page 24 of the conference report).</p> <p><b>Funding level:</b> \$3.1 billion.</p> <p><b>Distribution of funds:</b> Under section 410 of the stimulus law, these funds are to be used for grants to states whose governors have notified DOE that they have obtained necessary assurances that (1) the state's public utility regulatory body will seek to ensure that utility financial incentives are aligned with helping customers use energy more efficiently; (2) the state and/or local governments, as appropriate, will meet certain energy-related standards with respect to building codes; and the state's grants will give priority to funding energy efficiency and renewable energy programs.</p>	<p><b>Current program established by:</b> <a href="#">42 U.S.C. 6321-6326</a>. See also the DOE program web page, <a href="#">State Energy Program</a>.</p> <p><b>Eligible entities:</b> state governments.</p> <p><b>Distribution of funds:</b> <a href="#">formula grants</a>.</p> <p><b>Use of funds, limits, and cost-share requirements:</b> Content of state plans are as provided in <a href="#">42 U.S.C. 6322</a>. States must provide 20% of the cost of state plans.</p>
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**Weatherization Assistance Program  
[No direct funding to local governments]**

<p><b>Bill provision:</b> Title IV (Energy and Water Development): Department of Energy: Energy Programs: Energy Efficiency and Renewable Energy.</p> <p><b>Funding level:</b> \$5 billion. Changes also are made to eligible households and costs; see section 407 of the bill.</p>	<p><b>Current program established by:</b> <a href="#">42 U.S.C. 6861-6872</a>. See also the DOE program web page, <a href="#">Weatherization Assistance Program</a>.</p> <p><b>Eligible entities:</b> state governments.</p>
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**Clean Renewable Energy Bonds**

**Bill provision:** Section 1111.

**Tax provision:** \$1.6 billion of additional new clean renewable energy bonds are authorized, to be allocated by the Department of the Treasury under previous law.

**Current law:** Section 54C(c) of the Internal Revenue Code of 1986, as amended. State, local, and tribal governments, among others, may use the bonds to finance facilities that generate electricity from wind, biomass, geothermal, hydropower, and other sources.

**Energy Conservation Bonds**

**Bill provision:** Section 1112.

**Tax provision:** \$2.4 billion of additional qualified energy conservation bonds are authorized. Implementation of “green community programs” is added as an eligible purpose of the bonds.

**Current law:** Section 54C(d) of the Internal Revenue Code of 1986, as amended. State, local, and tribal government programs and initiatives are eligible.