

- SUBJECT:** Energy efficiency loan pilot program for churches and nonprofits
- COMMITTEE:** Energy Resources — favorable, without amendment
- VOTE:** 8 ayes — Keffer, Crownover, Carter, J. Davis, C. Howard, Lozano, Sheffield, Strama
- 1 nay — Craddick
- WITNESSES:** For — Joshua Houston, Texas Impact; (*Registered, but did not testify:* Ramon Alvarez, Environmental Defense Fund; Maria Huemmer, Texas Catholic Conference, Roman Catholic Bishops of Texas; Cyrus Reed, Lone Star Chapter, Sierra Club; David Weinberg, Texas League of Conservation Voters)
- Against — None
- BACKGROUND:** Government Code, sec. 2305.032 establishes the LoanSTAR Revolving Loan Program, which is administered by the State Energy Conservation Office (SECO) in the Office of the Comptroller. Under the program, SECO may provide loans to finance energy and water efficiency measures for public facilities. SECO must set the interest rate for a loan at a low enough rate to recover administration costs, and a borrower must repay the principal of and interest on the loan with the savings accrued from implementing the conservation measure. The funds that are repaid by borrowers are then loaned out again. SECO must ensure that at least \$95 million is available to the program at all times. The program’s funding source is petroleum violation escrow funds from the federal government.
- Utilities Code, sec. 39.904(d) defines “renewable energy technology” as any technology that exclusively relies on an energy source that is naturally regenerated over a short time and derived from natural movements and mechanisms of the environment.
- Government Code, sec. 535.001(2) defines “community-based organization” (CBO) as a nonprofit corporation or association located in close proximity to the population that it serves.

DIGEST:

HB 2077 would direct SECO to establish and administer a pilot program under the LoneSTAR program to provide loans to houses of worship and CBOs. These loans would be used to finance the implementation of energy efficiency measures and renewable energy technology in buildings that the organizations owned or operated.

The bill would define an “energy efficiency” measure as one aimed at reducing the energy consumption rate of equipment or processes, as achieved through any of various specified means, and a “house of worship” as a demonstrably religious nonprofit corporation or association. “Community-based organization” and “renewable energy technology” would be defined as they are in the Government Code and Utilities Code, respectively.

The bill would require SECO to submit a report to the Legislature by January 1 of each year that would describe the implementation and status of the pilot program, the measures or technologies financed under it, the energy saved and clean energy produced because of it, recommendations for addressing any challenges or obstacles encountered, and any other information SECO found necessary.

The bill would require SECO to establish the pilot program by March 1, 2012, and the provisions added to statute would expire December 31, 2015. The bill would take immediate effect if it received a two-thirds vote of the elected membership of each house. Otherwise, it would take effect September 1, 2011.

**SUPPORTERS
SAY:**

Churches and CBOs are important state partners that serve critical public functions, such as providing social services and aiding in disaster relief efforts. As the economic recession has taken its toll, Texas families have increasingly relied on these organizations as safety nets. However, the recession has also caused a decline in the charitable contributions that support these organizations and allow them to provide the services that communities need. Making matters worse, if social services in the state budget are cut as deeply as anticipated in the upcoming biennium, the demands upon churches and CBOs will only grow.

Under these circumstances, CBOs and churches need to save money in any way they can. Utility bills are one of the biggest expenses for these organizations, which frequently operate out of old and energy-inefficient buildings. For example, a church congregation with an average Sunday

service attendance of 400 to 800 members can face an annual utility bill of \$70,000 to \$120,000. Implementing energy efficiency measures or incorporating renewable energy technology in these buildings would lower their utility bills, freeing up money to be spent on additional benefits for their communities. Unfortunately, these organizations often lack the upfront capital that is needed to take on such investments.

The exceptionally successful LoneSTAR program would be an ideal resource for churches and CBOs wanting to make such investments. The program already provides low-interest loans to fund energy efficiency projects, but only public entities currently are eligible. HB 2077 would create a pilot program in which CBOs and churches would be eligible for LoneSTAR loans to invest in energy efficiency and renewable energy technology improvements.

The bill would have no cost to the state. The LoneSTAR program is financially self-supporting, with its administration entirely funded by the interest paid by borrowers, and the fund itself is composed of federal money. The pilot would use only existing funds in the LoneSTAR program. SECO reports that the LoneSTAR program currently has unloaned funds and would be capable of supporting the proposed pilot program.

**OPPONENTS
SAY:**

The funds available in the LoneSTAR program are limited, and there would not be enough to finance additional loans for CBOs and churches, as HB 2077 would authorize. The LoneSTAR loan funds should be reserved for public entities, as they are now.