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# SMALL BUSINESS ENERGY EFFICIENCY ACT OF 2015

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Mr. VITTER, from the Committee on Small Business and Entrepreneurship, submitted the following

## R E P O R T

[To accompany S. 1756]

The Committee on Small Business and Entrepreneurship, to which was referred the bill (S. 1756) to help small businesses take advantage of energy efficiency, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

### I. INTRODUCTION

The Small Business Energy Efficiency Act of 2015 (S. 1756) was introduced by Senator Jeanne Shaheen, for herself and Senator Christopher A. Coons and Senator Mazie K. Hirono on July 14, 2015.

The Act amends the Small Business Investment Act of 1958 to allow a state development company to use the economic development objective of helping small businesses achieve savings through energy efficiency to qualify for loan assistance. During the markup of the bill, the bill was approved unanimously by voice vote.

### II. HISTORY (PURPOSE & NEED FOR LEGISLATION)

The Certified Development Company (CDC)/504 loan program at the SBA provides financing for major fixed assets such as equipment or real estate. To be eligible for 504 loans, applicants must meet several eligibility requirements, including, but not limited to: operating as a for-profit company; conducting or proposing to conduct business in the United States or its possessions, and having

the ability to repay the loan on time from the operating cash flow of the business. While small businesses can and do utilize the 504 loan program for energy efficiency projects, the law currently does not identify energy efficiency as a public policy goal of the program. In order for small entities to have additional certainty that the 504 loan program is available to undertake energy efficiency projects, language to that effect should be codified in statute.

## III. HEARINGS & ROUNDTABLES

The Committee held a hearing on July 14, 2015 entitled *"Challenges and Opportunities for Small Businesses Engaged in Energy Development and Energy Intensive Manufacturing."* At the hearing, witnesses noted that, according to the National Federation of Independent Businesses, energy use is among the top costs of doing business for many small businesses. However, the barriers and challenges for small businesses to take advantage of energy efficiency are much greater than in the case of large companies.

## IV. DESCRIPTION OF BILL

The bill amends the Section 504 lending program at the SBA to clarify that energy efficiency is a category under which projects can qualify for the program.

## V. COMMITTEE VOTE

In compliance with rule XXVI (7)(b) of the Standing Rules of the Senate, the following vote was recorded on July 29, 2015.

A motion to adopt the Small Business Energy Efficiency Act, a bill to help small businesses take advantage of energy efficiency was approved unanimously by voice vote with the following Senators present: Senators Vitter, Scott, Fischer, Gardner, Ernst, Enzi, Shaheen, Cantwell, Heitkamp, Booker, Hirono, and Peters.

## VI. COST ESTIMATE

In compliance with rule XXVI (11)(a)(1) of the Standing Rules of the Senate, the Committee estimates the cost of the legislation will be equal to the amounts discussed in the following letter from the Congressional Budget Office:

JULY 29, 2015.

S. 1756 would broaden the activities that the Small Business Administration (SBA) may consider when determining whether to offer loan guarantees under the Small Business Investment Company (SBIC) program. The bill would allow the SBA to consider whether an applicant would help small businesses use energy more efficiently.

Under current law, businesses participating in the SBIC program are required to pay various fees that are sufficient to offset the program's estimated subsidy cost, that is, the estimated long-term cost to the government of a loan guarantee, calculated on a net-present-value basis. Based on information from the SBA, CBO expects that broadening the activities that would make firms eligible to receive a loan guarantee would not affect the estimated net subsidy cost of the SBIC program, nor would the changes significantly increase the cost to administer the program, which is recorded in the budget on a cash basis. Therefore, CBO estimates that implementing S.

1756 would have no significant effect on discretionary spending. Enacting S. 1756 would have no effect on direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 1756 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

## VII. EVALUATION OF REGULATORY IMPACT

In compliance with rule XXVI (11)(b) of the Standing Rules of the Senate, it is the opinion of the Committee that no significant additional regulatory impact will be incurred in carrying out the provisions of this legislation. There will be no additional impact on the personal privacy of companies or individuals who utilize the services provided.

## VIII. SECTION-BY-SECTION ANALYSIS

*Section 1. Title*

This section clarifies the title of the bill. This Act may be cited as the "Small Business Energy Efficiency Act of 2015".

*Section 2. Energy efficiency*

This section amends existing code to expand the Small Business Administration's 504 lending program to businesses looking to invest in energy efficiency. It achieves this by adding "energy efficiency" as a public policy goal under the program's statutory objectives.

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