

110TH CONGRESS  
1ST SESSION

# S. 1657

To establish a small business energy efficiency program, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JUNE 19, 2007

Mr. KERRY (for himself and Ms. SNOWE) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

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## A BILL

To establish a small business energy efficiency program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Small Business Energy Efficiency Act of 2007”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of  
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Definitions.
- Sec. 4. Implementation of small business energy efficiency program.
- Sec. 5. Small business energy efficiency.
- Sec. 6. Small business telecommuting.

Sec. 7. Encouraging innovation in energy efficiency.

Sec. 8. Express loans for renewable energy and energy efficiency.

1 **SEC. 2. FINDINGS.**

2 Congress finds that:

3 (1) Small business concerns represent roughly  
4 50 percent of the economy of the United States, em-  
5 ploying 50 percent of all private sector employees,  
6 and producing more than 50 percent of nonfarm pri-  
7 vate gross domestic product.

8 (2) The Environmental Protection Agency esti-  
9 mates that, based on data from the 2003 Commer-  
10 cial Buildings Energy Consumption Survey of the  
11 Department of Energy, small business concerns con-  
12 sume roughly 2,000,000,000,000 kBtu of energy per  
13 year, costing small business concerns approximately  
14 \$29,000,000,000.

15 (3) The Environmental Protection Agency esti-  
16 mate does not include additional energy that is used  
17 by small business concerns located outside of com-  
18 mercial buildings, such as home-based small business  
19 concerns. Additional, peer-reviewed research studies  
20 must be conducted to assess the amount of energy  
21 consumed by small business concerns.

22 (4) A recent survey conducted by the National  
23 Small Business Association revealed that 75 percent  
24 of small business concerns believe that energy effi-

1       ciency can make a significant contribution to reduc-  
2       ing greenhouse gas emissions. And yet, only 33 per-  
3       cent of those small business concerns had success-  
4       fully invested in energy efficiency programs for their  
5       businesses.

6               (5) Small business concerns have demonstrated  
7       that they are capable of achieving realistic energy  
8       consumption reductions of 30 percent as a result of  
9       implementing the recommendations of targeted en-  
10      ergy audits. These reductions have been dem-  
11      onstrated by clients of the Pennsylvania Small Busi-  
12      ness Development Centers and are supported by the  
13      national experience of the ENERGY STAR Small  
14      Business program of the Environmental Protection  
15      Agency.

16              (6) Small business concerns are a source for the  
17      technological innovations at the heart of the effort to  
18      find a solution to the challenge of climate change  
19      and to establish energy independence for the United  
20      States.

21              (7) On-bill financing arrangements, involving  
22      small business concerns, utilities, banks, and cer-  
23      tified energy efficiency professionals, have dem-  
24      onstrated success in reducing energy usage by small  
25      business concerns across the country, and greater

1 use of on-bill financing agreements should be en-  
2 couraged.

3 (8) Telecommuting represents an established  
4 method for reducing fuel consumption, and informa-  
5 tion regarding the benefits of telecommuting should  
6 be made available to owners of small business con-  
7 cerns.

8 **SEC. 3. DEFINITIONS.**

9 In this Act—

10 (1) the terms “Administration” and “Adminis-  
11 trator” mean the Small Business Administration  
12 and the Administrator thereof, respectively;

13 (2) the term “association” means the associa-  
14 tion of small business development centers estab-  
15 lished under section 21(a)(3)(A) of the Small Busi-  
16 ness Act (15 U.S.C. 648(a)(3)(A));

17 (3) the term “disability” has the meaning given  
18 that term in section 3 of the Americans with Dis-  
19 abilities Act of 1990 (42 U.S.C. 12102);

20 (4) the term “electric utility” has the meaning  
21 given that term in section 3 of the Public Utility  
22 Regulatory Policies Act of 1978 (16 U.S.C. 2602);

23 (5) the term “on-bill financing” means a low in-  
24 terest or no interest financing agreement between a  
25 small business concern and an electric utility for the

1 purchase or installation of equipment, under which  
2 the regularly scheduled payment of that small busi-  
3 ness concern to that electric utility is not reduced by  
4 the amount of the reduction in cost attributable to  
5 the new equipment and that amount is credited to  
6 the electric utility, until the cost of the purchase or  
7 installation is repaid;

8 (6) the term “small business concern” has the  
9 meaning given that term in section 3 of the Small  
10 Business Act (15 U.S.C. 636);

11 (7) the term “small business development cen-  
12 ter” means a small business development center de-  
13 scribed in section 21 of the Small Business Act (15  
14 U.S.C. 648);

15 (8) the term “telecommuting” means the use of  
16 telecommunications to perform work functions under  
17 circumstances which reduce or eliminate the need to  
18 commute; and

19 (9) the term “veteran” has the meaning given  
20 that term in section 101 of title 38, United States  
21 Code.

22 **SEC. 4. IMPLEMENTATION OF SMALL BUSINESS ENERGY**  
23 **EFFICIENCY PROGRAM.**

24 (a) IN GENERAL.—Not later than 90 days after the  
25 date of enactment of this Act, the Administrator shall pro-

1 mulgate final rules establishing the Government-wide pro-  
2 gram authorized under subsection (d) of section 337 of  
3 the Energy Policy and Conservation Act (42 U.S.C. 6307)  
4 that ensure compliance with that subsection by not later  
5 than 6 months after such date of enactment.

6 (b) PLAN.—Not later than 90 days after the date of  
7 enactment of this Act, the Administrator shall publish a  
8 detailed plan regarding how the Administrator will—

9 (1) assist small business concerns in becoming  
10 more energy efficient; and

11 (2) build on the Energy Star for Small Busi-  
12 ness Program of the Department of Energy and the  
13 Environmental Protection Agency.

14 (c) ASSISTANT ADMINISTRATOR FOR SMALL BUSI-  
15 NESS ENERGY POLICY.—

16 (1) IN GENERAL.—There is in the Administra-  
17 tion an Assistant Administrator for Small Business  
18 Energy Policy, who shall be appointed by, and re-  
19 port to, the Administrator.

20 (2) DUTIES.—The Assistant Administrator for  
21 Small Business Energy Policy shall—

22 (A) oversee and administer the require-  
23 ments under this section and section 337(d) of  
24 the Energy Policy and Conservation Act (42  
25 U.S.C. 6307(d)); and

1 (B) promote energy efficiency efforts for  
2 small business concerns and reduce energy costs  
3 of small business concerns.

4 (d) REPORTS.—The Administrator shall submit to  
5 the Committee on Small Business and Entrepreneurship  
6 of the Senate and the Committee on Small Business of  
7 the House of Representatives an annual report on the  
8 progress of the Administrator in encouraging small busi-  
9 ness concerns to become more energy efficient, including  
10 data on the rate of use of the Small Business Energy  
11 Clearinghouse established under section 337(d)(4) of the  
12 Energy Policy and Conservation Act (42 U.S.C.  
13 6307(d)(4)).

14 **SEC. 5. SMALL BUSINESS ENERGY EFFICIENCY.**

15 (a) AUTHORITY.—The Administrator shall establish  
16 a Small Business Energy Efficiency Pilot Program (in this  
17 section referred to as the “Efficiency Pilot Program”) to  
18 provide energy efficiency assistance to small business con-  
19 cerns through small business development centers.

20 (b) SMALL BUSINESS DEVELOPMENT CENTERS.—

21 (1) IN GENERAL.—In carrying out the Effi-  
22 ciency Pilot Program, the Administrator shall enter  
23 into agreements with small business development  
24 centers under which such centers shall—

1 (A) provide access to information and re-  
2 sources on energy efficiency practices, including  
3 on-bill financing options;

4 (B) conduct training and educational ac-  
5 tivities;

6 (C) offer confidential, free, one-on-one, in-  
7 depth energy audits to the owners and opera-  
8 tors of small business concerns regarding en-  
9 ergy efficiency practices;

10 (D) give referrals to certified professionals  
11 and other providers of energy efficiency assist-  
12 ance who meet such standards for educational,  
13 technical, and professional competency as the  
14 Administrator shall establish; and

15 (E) act as a facilitator between small busi-  
16 ness concerns, electric utilities, lenders, and the  
17 Administration to facilitate on-bill financing ar-  
18 rangements.

19 (2) REPORTS.—Each small business develop-  
20 ment center participating in the Efficiency Pilot  
21 Program shall submit to the Administrator and the  
22 Administrator of the Environmental Protection  
23 Agency an annual report that includes—

1 (A) a summary of the energy efficiency as-  
2 sistance provided by that center under the Effi-  
3 ciency Pilot Program;

4 (B) the number of small business concerns  
5 assisted by that center under the Efficiency  
6 Pilot Program;

7 (C) statistics on the total amount of en-  
8 ergy saved as a result of assistance provided by  
9 that center under the Efficiency Pilot Program;  
10 and

11 (D) any additional information determined  
12 necessary by the Administrator, in consultation  
13 with the association.

14 (3) REPORTS TO CONGRESS.—Not later than  
15 60 days after the date on which all reports under  
16 paragraph (2) relating to a year are submitted, the  
17 Administrator shall submit to the Committee on  
18 Small Business and Entrepreneurship of the Senate  
19 and the Committee on Small Business of the House  
20 of Representatives a report summarizing the infor-  
21 mation regarding the Efficiency Pilot Program sub-  
22 mitted by small business development centers par-  
23 ticipating in that program.

24 (c) ELIGIBILITY.—A small business development cen-  
25 ter shall be eligible to participate in the Efficiency Pilot

1 Program only if that center is certified under section  
2 21(k)(2) of the Small Business Act (15 U.S.C. 648(k)(2)).

3 (d) SELECTION OF PARTICIPATING STATE PRO-  
4 GRAMS.—

5 (1) GROUPINGS.—

6 (A) SELECTION OF PROGRAMS.—The Ad-  
7 ministrators shall select the small business devel-  
8 opment center programs of 2 States from each  
9 of the groupings of States described in subpara-  
10 graphs (B) through (K) to participate in the  
11 pilot program established under this section.

12 (B) GROUP 1.—Group 1 shall consist of  
13 Maine, Massachusetts, New Hampshire, Con-  
14 necticut, Vermont, and Rhode Island.

15 (C) GROUP 2.—Group 2 shall consist of  
16 New York, New Jersey, Puerto Rico, and the  
17 Virgin Islands.

18 (D) GROUP 3.—Group 3 shall consist of  
19 Pennsylvania, Maryland, West Virginia, Vir-  
20 ginia, the District of Columbia, and Delaware.

21 (E) GROUP 4.—Group 4 shall consist of  
22 Georgia, Alabama, North Carolina, South Caro-  
23 lina, Mississippi, Florida, Kentucky, and Ten-  
24 nessee.

1 (F) GROUP 5.—Group 5 shall consist of Il-  
2 linois, Ohio, Michigan, Indiana, Wisconsin, and  
3 Minnesota.

4 (G) GROUP 6.—Group 6 shall consist of  
5 Texas, New Mexico, Arkansas, Oklahoma, and  
6 Louisiana.

7 (H) GROUP 7.—Group 7 shall consist of  
8 Missouri, Iowa, Nebraska, and Kansas.

9 (I) GROUP 8.—Group 8 shall consist of  
10 Colorado, Wyoming, North Dakota, South Da-  
11 kota, Montana, and Utah.

12 (J) GROUP 9.—Group 9 shall consist of  
13 California, Guam, American Samoa, Hawaii,  
14 Nevada, and Arizona.

15 (K) GROUP 10.—Group 10 shall consist of  
16 Washington, Alaska, Idaho, and Oregon.

17 (e) MATCHING REQUIREMENT.—Subparagraphs (A)  
18 and (B) of section 21(a)(4) of the Small Business Act (15  
19 U.S.C. 648(a)(4)) shall apply to assistance made available  
20 under the Efficiency Pilot Program.

21 (f) GRANT AMOUNTS.—Each small business develop-  
22 ment center selected to participate in the Efficiency Pilot  
23 Program under subsection (d) shall be eligible to receive  
24 a grant in an amount equal to—

1 (1) not less than \$100,000 in each fiscal year;  
2 and

3 (2) not more than \$300,000 in each fiscal year.

4 (g) EVALUATION AND REPORT.—The Comptroller  
5 General of the United States shall—

6 (1) not later than 30 months after the date of  
7 disbursement of the first grant under the Efficiency  
8 Pilot Program, initiate an evaluation of that pilot  
9 program; and

10 (2) not later than 6 months after the date of  
11 the initiation of the evaluation under paragraph (1),  
12 submit to the Administrator, the Committee on  
13 Small Business and Entrepreneurship of the Senate,  
14 and the Committee on Small Business of the House  
15 of Representatives, a report containing—

16 (A) the results of the evaluation; and

17 (B) any recommendations regarding  
18 whether the Efficiency Pilot Program, with or  
19 without modification, should be extended to in-  
20 clude the participation of all small business de-  
21 velopment centers.

22 (h) GUARANTEE.—The Administrator may guarantee  
23 the timely payment of a loan made to a small business  
24 concern through an on-bill financing agreement on such  
25 terms and conditions as the Administrator shall establish

1 through a formal rule making, after providing notice and  
2 an opportunity for comment.

3 (i) AUTHORIZATION OF APPROPRIATIONS.—

4 (1) IN GENERAL.—There are authorized to be  
5 appropriated to carry out this section—

6 (A) \$5,000,000 for the first fiscal year be-  
7 ginning after the date of enactment of this Act;  
8 and

9 (B) \$5,000,000 for each of the 3 fiscal  
10 years following the fiscal year described in sub-  
11 paragraph (A).

12 (2) LIMITATION ON USE OF OTHER FUNDS.—

13 The Administrator may carry out the Efficiency  
14 Pilot Program only with amounts appropriated in  
15 advance specifically to carry out this section.

16 (j) TERMINATION.—The authority under this section  
17 shall terminate 4 years after the date of disbursement of  
18 the first grant under the Efficiency Pilot Program.

19 **SEC. 6. SMALL BUSINESS TELECOMMUTING.**

20 (a) PILOT PROGRAM.—

21 (1) IN GENERAL.—In accordance with this sec-  
22 tion, the Administrator shall conduct, in not more  
23 than 5 of the regions of the Administration, a pilot  
24 program to provide information regarding telecom-  
25 muting to employers that are small business con-

cerns and to encourage such employers to offer telecommuting options to employees (in this section referred to as the “Telecommuting Pilot Program”).

(2) SPECIAL OUTREACH TO INDIVIDUALS WITH DISABILITIES.—In carrying out the Telecommuting Pilot Program, the Administrator shall make a concerted effort to provide information to—

(A) small business concerns owned by or employing individuals with disabilities, particularly veterans who are individuals with disabilities;

(B) Federal, State, and local agencies having knowledge and expertise in assisting individuals with disabilities, including veterans who are individuals with disabilities; and

(C) any group or organization, the primary purpose of which is to aid individuals with disabilities or veterans who are individuals with disabilities.

(3) PERMISSIBLE ACTIVITIES.—In carrying out the Telecommuting Pilot Program, the Administrator may—

(A) produce educational materials and conduct presentations designed to raise awareness

1 in the small business community of the benefits  
2 and the ease of telecommuting;

3 (B) conduct outreach—

4 (i) to small business concerns that are  
5 considering offering telecommuting op-  
6 tions; and

7 (ii) as provided in paragraph (2); and

8 (C) acquire telecommuting technologies  
9 and equipment to be used for demonstration  
10 purposes.

11 (4) SELECTION OF REGIONS.—In determining  
12 which regions will participate in the Telecommuting  
13 Pilot Program, the Administrator shall give priority  
14 consideration to regions in which Federal agencies  
15 and private-sector employers have demonstrated a  
16 strong regional commitment to telecommuting.

17 (b) REPORT TO CONGRESS.—Not later than 2 years  
18 after the date on which funds are first appropriated to  
19 carry out this section, the Administrator shall transmit to  
20 the Committee on Small Business and Entrepreneurship  
21 of the Senate and the Committee on Small Business of  
22 the House of Representatives a report containing the re-  
23 sults of an evaluation of the Telecommuting Pilot Pro-  
24 gram and any recommendations regarding whether the  
25 pilot program, with or without modification, should be ex-

1 tended to include the participation of all regions of the  
2 Administration.

3 (c) TERMINATION.—The Telecommuting Pilot Pro-  
4 gram shall terminate 4 years after the date on which funds  
5 are first appropriated to carry out this section.

6 (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
7 authorized to be appropriated to the Administration  
8 \$5,000,000 to carry out this section.

9 **SEC. 7. ENCOURAGING INNOVATION IN ENERGY EFFI-  
10 CIENCY.**

11 Section 9 of the Small Business Act (15 U.S.C. 638)  
12 is amended by adding at the end the following:

13 “(z) ENCOURAGING INNOVATION IN ENERGY EFFI-  
14 CIENCY.—

15 “(1) FEDERAL AGENCY ENERGY-RELATED PRI-  
16 ORITY.—In carrying out its duties under this section  
17 to SBIR and STTR solicitations by Federal agen-  
18 cies, the Administrator shall—

19 “(A) ensure that such agencies give high  
20 priority to small business concerns that partici-  
21 pate in or conduct energy efficiency or renew-  
22 able energy system research and development  
23 projects; and

24 “(B) include in the annual report to Con-  
25 gress under subsection (b)(7) a determination

1           of whether the priority described in subpara-  
2           graph (A) is being carried out.

3           “(2) CONSULTATION REQUIRED.—The Adminis-  
4           trator shall consult with the heads of other Federal  
5           agencies and departments in determining whether  
6           priority has been given to small business concerns  
7           that participate in or conduct energy efficiency or  
8           renewable energy system research and development  
9           projects, as required by this section.

10           “(3) GUIDELINES.—The Administrator shall, as  
11           soon as is practicable after the date of enactment of  
12           this subsection, issue guidelines and directives to as-  
13           sist Federal agencies in meeting the requirements of  
14           this section.

15           “(4) DEFINITIONS.—In this subsection—

16                   “(A) the term ‘biomass’—

17                           “(i) means any organic material that  
18                           is available on a renewable or recurring  
19                           basis, including—

20                                   “(I) agricultural crops;

21                                   “(II) trees grown for energy pro-  
22                                   duction;

23                                   “(III) wood waste and wood resi-  
24                                   dues;

1                   “(IV) plants (including aquatic  
2 plants and grasses);  
3                   “(V) residues;  
4                   “(VI) fibers;  
5                   “(VII) animal wastes and other  
6 waste materials; and  
7                   “(VIII) fats, oils, and greases  
8 (including recycled fats, oils, and  
9 greases); and  
10                  “(ii) does not include—  
11                   “(I) paper that is commonly re-  
12 cycled; or  
13                   “(II) unsegregated solid waste;  
14                  “(B) the term ‘energy efficiency project’  
15 means the installation or upgrading of equip-  
16 ment that results in a significant reduction in  
17 energy usage; and  
18                  “(C) the term ‘renewable energy system’  
19 means a system of energy derived from—  
20                   “(i) a wind, solar, biomass (including  
21 biodiesel), or geothermal source; or  
22                   “(ii) hydrogen derived from biomass  
23 or water using an energy source described  
24 in clause (i).”.

1 **SEC. 8. EXPRESS LOANS FOR RENEWABLE ENERGY AND EN-**  
2 **ERGY EFFICIENCY.**

3 Section 7(a)(31) of the Small Business Act (15  
4 U.S.C. 636(a)(31)) is amended by adding at the end the  
5 following:

6 “(F) EXPRESS LOANS FOR RENEWABLE  
7 ENERGY AND ENERGY EFFICIENCY.—

8 “(i) DEFINITIONS.—In this subpara-  
9 graph, the terms ‘energy efficiency project’  
10 and ‘renewable energy system’ have the  
11 meanings given those terms in section 9(z).

12 “(ii) LOANS.—Loans may be made  
13 under the ‘Express Loan Program’ for the  
14 purpose of—

15 “(I) purchasing a renewable en-  
16 ergy system; or

17 “(II) an energy efficiency project  
18 for an existing business.”.

○