

United States Green Bank Act of 2019: Legislation Summary

On May 16, 2019, Senators Murphy, Van Hollen, Blumenthal, Whitehouse and Markey introduced the United States Green Bank Act of 2019 to establish and capitalize the United States Green Bank (USGB) with up to \$50 billion as a wholly-owned corporation of the United States government, under the direction of the Secretary of the Treasury.

On June 21, 2019, Representatives Jim Himes and 13 colleagues introduced a companion bill in the House.

The legislation, an evolution of Senator Murphy's prior 2017 Green Bank Act, creates a federal Green Bank to finance clean energy projects by capitalizing regional, state and local intermediary institutions (e.g. state Green Banks), which then directly finance eligible projects. The USGB would not itself finance projects. A detailed summary of the bill is below.

USGB Establishment, Capitalization and Governance

- The USGB is established as a corporation wholly owned by the United States federal government. It is an instrumentality of the government, and operates under the general supervision and direction of the Secretary of the Treasury.
- The USGB is chartered for 40 years, and sunsets after that point until all existing obligations are discharged.
- The USGB is capitalized through Treasury issuance of \$10 billion initially and up to \$50 billion total of Green Bonds, with which the Treasury will purchase capital stock in the USGB. The Green Bonds have the full faith and credit of the United States.
- The USGB is governed by a Board of Directors consisting of 9 members, with the Secretary of the Treasury serving as chairperson. Additional ex-officio Directors include the Secretaries of Energy, Transportation and Defense, as well as the Administrator of the Environmental Protection Agency. Four additional Directors are appointed by the President of the United States, of which one must include the CEO of the USGB. Directors serve four year terms, and can be re-appointed.

USGB Activities

- USGB will provide, on a competitive basis, loans, loan guarantees, credit enhancements or other financing support solely to provide capitalization to Eligible Clean Energy Finance Institutions to support their establishment or continuing operations. The USGB will not directly finance clean energy projects.
 - Eligible Clean Energy Finance Institutions includes any not-for-profit, independent entity, quasi-independent entity, or a governmental entity within an agency or financing authority, established or designated by a State, group of States, the District of Columbia, or an Eligible State Political Subdivision to provide financing to qualified Clean Energy, Energy Efficiency, and Climate Change Mitigation or Adaptation projects.
- Each Eligible Clean Energy Finance Institution must demonstrate at least \$1 million or 20% co-funding from sources other than the USGB.

- The USGB CEO will require all Clean Energy Finance Institutions that receive capital from the USGB to report quarterly on the usage of those funds. The CEO shall also create a public, searchable database on all applications and transactions of the USGB, as well as the information related to the clean energy projects financed by the Clean Energy Finance Institutions.
- USGB may assess fees on its activities in order to covers its reasonable costs, provided USGB operates as a not-for-profit entity.
- USGB will have a New Bank Division that will provide technical assistance to locations seeking to establish Green Banks that would be eligible for USGB financing.
- USGB will operate consistent with the Federal Credit Reform Act (FCRA) of 1990. For purposes of FCRA, funds made available to the USGB are appropriated. The USGB will retain any receipts and remain available until expended by the USGB.

Projects Eligible for USGB Financing

- Clean energy projects include solar, wind, geothermal, biomass, hydropower, ocean and hydrokinetic, fuel cell, advanced energy, carbon capture and sequestration, next generation biofuels from nonfood feedstocks, alternative fuel vehicle infrastructure and alternative fuel vehicles.
- Energy efficiency projects: any project, technology, function, or measure that results in the reduction of energy use required to achieve the same level of service or output prior to the application of such project, technology, function, or measure, or substantially reduces greenhouse gas emissions relative to emissions that would have occurred prior to the application of such project, technology, function, or measure.
- Climate change mitigation and adaptation projects include afforestation, reforestation, and land conservation; regenerative agriculture; transit-oriented development and mass transit infrastructure; waste and recycling; water treatment; and wetland protection.

To learn more about the legislation and join the campaign for a Federal Green Bank, contact Jeffrey Schub, Coalition for Green Capital Executive Director, at jeff@coalitionforgreencapital.com.