

Tax Exemption, Finance, and Grant Programs

The following programs are designed to reduce the up-front costs of energy-efficiency upgrade projects. Click on the hyperlinked titles below to find out about eligibility and the required processes for taking advantage of these programs.



[EPA Environmental Education Local Grants Program](#)

The EPA's Local Grants Program is designed to support locally-focused environmental education projects that increase knowledge about environmental issues and provide skills that participants need to make informed environmental decisions. Total funding available: \$2,730,000 in federal funds nationwide, or 30 grants of \$91,000.

[Bright Schools](#) *Schools*

Provides technical assistance to schools for improving building energy efficiency and clean energy generation. Up to \$20,000 available to successful applicants to fund a professionally-prepared feasibility study for the most effective energy efficiency measures.

[Prop 39: California Clean Energy Jobs Act](#) *Schools*

Prop. 39 allocates up to \$550 million annually for appropriation by the California Legislature for eligible projects to improve energy efficiency and expand clean energy generation in schools. Eligible local educational agencies (LEAs) — including county offices of education, school districts, charter schools and state special schools—can request funding by submitting an energy expenditure plan application to the California Energy Commission.

[CEC Energy Efficiency Financing](#) *Schools and Public Entities*

The California Energy Commission (CEC) offers school districts, charter schools, county offices of education, state special schools, community college districts 0% loans for energy efficiency and energy generation projects. CEC offers cities, counties, special districts, public colleges, universities and public care institutions/hospitals 1% loans for energy efficiency and energy generation projects.

[IBank California Lending for Energy and Environmental Needs \(CLEEN\) Center](#) *Public Entities*

IBank's CLEEN Center provides direct public financing to Municipalities, Universities, Schools and Hospitals (MUSH borrowers) to help meet the State's goals for greenhouse gas reduction, water conservation and environmental preservation. Financing can be through a direct loan from IBank or publicly offered tax-exempt bonds in amounts from \$500 thousand to \$30 million.

[PG&E Energy Efficiency Financing](#) *Public Entities*

PG&E offers 0% interest loans of up to \$250,000 to government agencies. Loans can be used to replace old and inefficient equipment with no up-front out-of-pocket investment. The program allows 10 years for repayment; however, the energy savings continue to accrue after the loan is paid off.

[PG&E Energy Efficiency Financing](#) *Non-Residential*

PG&E offers 0% interest loans of up to \$100,000. Loans can be used to replace old and inefficient equipment with no up-front out-of-pocket investment. The program allows 5 years for repayment; however, the energy savings continue to accrue after the loan is paid off.

PG&E On-Bill Financing *Non-Residential*

Upgrading to energy efficient programs can seem daunting when you have to pay upfront and wait for a return on your investment. However, on-bill financing allows you to spread payments over time through no interest loans. PG&E offers 0% interest loans of up to \$100,000. Loans can be used to replace old and inefficient equipment with no up-front out-of-pocket investment. The program allows 5 years for repayment; however, the energy savings continue to accrue after the loan is paid off.

SAFE-BIDCO *Non-Residential*

SAFE-BIDCO offers small businesses, qualifying landlords, and non-profit organizations loans of up to \$450,000 for a maximum of 15 years to complete energy efficiency and renewable energy projects. The loan can cover energy studies, design and consultant fees, materials and equipment costs and loan fees.

Energy Efficiency Mortgages *Homeowners*

An Energy Efficient Mortgage (EEM) is a mortgage that credits a home's energy efficiency in the mortgage itself. EEMs give borrowers the opportunity to finance cost-effective, energy-saving measures as part of a single mortgage and stretch debt-to-income qualifying ratios on loans thereby allowing borrowers to qualify for a larger loan amount and a better, more energy-efficient home.

GSFA Residential Energy Retrofit Program *Homeowners*

Through the Golden State Finance Authority (GSFA) Residential Energy Retrofit Program, eligible homeowners can finance energy efficiency and renewable energy measures, up to \$50,000, with a 6.5% fixed interest rate 15-year loan. 100% financing is available with no income limits or equity requirements.

USDA's Rural Utilities Service (RUS) *Rural*

The Rural Utilities Service administers programs that provide much-needed infrastructure or infrastructure improvements to rural communities, including water and waste treatment, electric power and telecommunications services. The programs provide loans, grants, loan guarantees, capital and leadership.

Rural Energy for America Program (REAP) *Rural and Agriculture*

The United States Department of Agriculture (USDA) provides guaranteed loan financing on loans up to 75% and grant funding for up to 25% of total eligible project costs to agricultural producers and rural small businesses to purchase or install renewable energy systems or make energy efficiency improvements.

Tax Exemption for Farm Equipment and Machinery *Agriculture*

California offers a partial exemption from the sales and use tax for the sale, storage, use, lease, or other consumption of farm equipment, machinery and their parts to qualified persons for use in qualifying activities. This partial exemption applies to solar photovoltaic systems and wind machines and could apply to other energy efficient farm equipment.

Energy Savings Agreement

An Energy Savings Agreement involves a financing contract with a private energy services company that packages energy efficiency as a service paid through the energy savings. It allows for 100% financing and is off balance sheet.

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CSCDA Sustainable Energy Bond Program

Under the Sustainable Energy Bond Program, participating entities and organizations contract with an Energy Service Company (ESCO) to complete energy and water conservation measures. Improvements include street lighting, building lighting, pumps, HVAC, system controls, boilers, chillers, ducting, windows, partial roofing, toilets and others. Program participants receive substantial utility cost savings, including a contractual guarantee sufficient to cover the full cost of all retrofit work. All projects are financed through tax exempt bonds.

Prepared by:

