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April 18, 2013

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## **UCLA REPORT: REVOLVING FUND IS GOLDEN**

### **Revolving Loan Fund From Proposition 39 Could Quadruple Clean Energy Investments And Jobs**

LOS ANGELES, Calif. – Creating a revolving fund to finance clean energy and energy efficiency projects could dramatically increase the economic impact of Proposition 39 – the California Clean Energy Jobs Act – to well over \$1 billion, and create an estimated 21,000 green jobs in the Golden State, according to a study conducted for the Los Angeles Business Council Institute by a research team at UCLA.

The LABC Institute, which is dedicated to strengthening the sustainable economy of California, provides a bridge between the public and private sectors to develop policies and programs that promote investment, jobs and business development. The Institute has been actively working to help the state achieve its Renewables Portfolio Standards (RPS) goals, and commissioned the UCLA study to determine how to maximize the environmental and economic benefits of Proposition 39.

Proposition 39, passed by voters in 2012, requires businesses operating in multiple states to calculate their state income tax liability based on the percentage of their sales in California. A small percentage of the new taxes collected, between \$50 million to \$125 million per year for five years, could be invested in a loan fund for projects that support improving energy efficiency and increasing the use of renewable energy resources, and the associated jobs created by doing so.

The research team at the UCLA Luskin Center for Innovation analyzed models for investing Proposition 39 funds for renewable energy and energy efficiency. The study concluded that when compared to the other Prop. 39-funded grant programs, a revolving loan fund would quadruple total investment and job creation benefits; these benefits would be even further multiplied if private capital was invested.

The revolving fund would complement other Prop 39-funded grant programs, according to the report, *Achieving Prop 39's Clean Energy Promise: Investing in Jobs, Efficiency Programs and Renewable Resources*. Eligible participants would include schools, universities and other public institutions, as well as the private sector, for projects that commit to retrofitting their buildings to save energy and expanding the use of renewable resources.

“Using a revolving loan fund would bring great benefits to the economy and the environment,” said Brad Cox, Chairman of the LABC Institute. “California is leading the way in sustainability, and leveraging Prop. 39 would allow us to remain the national leader in providing significant resources to help the public and private sectors shift from carbon based fuels to renewable energy, including the investment in energy efficiency programs. In the business community alone, there are in excess of four million commercial buildings in the State in need of energy efficiency retrofits.”

“With a total allocation of \$250 million, for example, the public revolving loan fund could reap an investment of \$1.06 billion over 30 years, compared to \$250 million from a basic grants program,” said J.R. DeShazo, Director of the Luskin Center for Innovation at UCLA. “This leverage could create upwards of 21,000 job years—and if private funds are brought in, those figures could double.”

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“The findings from this study should be a catalyst for action on the legislative front,” said LABC Institute President Mary Leslie. “We appreciate the legislative leadership in both AB and SB 39 that will create the revolving loan fund that will encourage innovative solar power, energy efficiency and other sustainability projects in in the public and private sectors.”

“By distributing some Prop 39 funds via a loan mechanism, California has the opportunity to quadruple investment and jobs compared to distribution by grants alone,” said Assemblymember Nancy Skinner. “Our first priority will be to improve taxpayer-supported K-14 facilities; loan funds down the road could then support efficiency and alternative energy upgrades on other buildings.”

The UCLA research team recommends that the public revolving loan fund integrates with and/or complements existing grant programs for energy projects, such as On-Bill Repayment and Property Assessed Clean Energy (PACE) programs. The report also references existing state and private funds that have either been depleted or need to be expanded, all of which could be replenished with capital from the fund.

The report calls for the California Treasurer’s Office or another state agency to operate the revolving loan fund. It also urges strong accountability measures, including subsidies for energy savings guarantees or a tiered interest rate structure, to ensure desired energy savings.

“Lending programs for clean energy projects have kept California at the forefront of clean technology nationwide, but unfortunately these funds have been limited by a lack of reliable financing,” said UCLA’s DeShazo. “The revolving loan fund, coupled with demand stimulation efforts, can provide the stability that participants in both the private and public sectors require, to achieve significant investments in energy efficiency and clean energy. This will result in benefits not only to consumers, but also for California’s economy and environment.”

### **About the Los Angeles Business Council Institute**

The LABC Institute is a forward-thinking research and education organization dedicated to strengthening the sustainable economy of California, particularly the Southern California region. Founded in 2010, the LABC Institute provides a bridge between the business, government, environmental, labor and nonprofit communities of Southern California to develop policies and programs that promote investment, jobs and business development. We are the research and education arm of the Los Angeles Business Council, one of the most respected business advocacy organizations in Southern California. Founded in 1936, the LABC is known as an innovator and catalyst for policy development on a wide range of issues, including education, housing, green building, energy efficiency, transportation and solar development.

### **About the UCLA Luskin Center for Innovation**

The UCLA Luskin Center for Innovation, founded with a generous gift from Meyer and Renee Luskin, unites the intellectual capital of UCLA with forward-looking civic leaders to address pressing issues and translate world class research and expertise into real-world policy solutions. Research initiatives are supported by teams of faculty and staff from a variety of academic disciplines. The Luskin Center supports these initiatives by funding original research, scholars, conferences, technical internships and solution-oriented speaker series. The Luskin Center is based in the UCLA Luskin School of Public Affairs.

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