

Public Law 95-315  
95th Congress

An Act

To create a solar energy and energy conservation loan program within the Small Business Administration, and for other purposes.

July 4, 1978

[H.R. 11713]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Small Business Energy Loan Act".

Small Business  
Energy Loan Act.  
15 USC 631 note.  
15 USC 636.

SEC. 2. Section 7 of the Small Business Act is amended by adding at the end thereof the following new subsection:

"(1) The Administration also is empowered to make loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administrator may determine to be necessary or appropriate to assist any small business concern in financing plant construction, conversion, expansion (including acquisition of land for such a plant), or startup, and the acquisition of equipment, facilities, machinery, supplies, or materials to enable such concern to design architecturally or engineer, manufacture, distribute, market, install, or service any of the following energy measures:

"(A) Solar thermal energy equipment which is either of the active type based upon mechanically forced energy transfer or of the passive type based on convective, conductive, or radiant energy transfer or some combination of these types.

"(B) Photovoltaic cells and related equipment.

"(C) A product or service the primary purpose of which is conservation of energy through devices or techniques which increase the energy efficiency of existing equipment, methods of operation, or systems which use fossil fuels, and which is on the Energy Conservation Measures List of the Secretary of Energy or which the Administrator determines to be consistent with the intent of this subsection.

"(D) Equipment the primary purpose of which is production of energy from wood, biological waste, grain, or other biomass source of energy.

"(E) Equipment the primary purpose of which is industrial cogeneration of energy, district heating, or production of energy from industrial waste.

"(F) Hydroelectric power equipment.

"(G) Wind energy conversion equipment.

"(H) Engineering, architectural, consulting, or other professional services which are necessary or appropriate to aid citizens in using any of the measures described in subparagraphs (A) through (G).

Proceeds of loans under this subsection shall not be used primarily for research and development.

"(2) No loan shall be made under this subsection if the total amount outstanding and committed (by participation or otherwise) to the borrower from the business loan and investment fund established by this Act would exceed \$500,000. No loan made or effected under this subsection directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate basis shall exceed \$350,000.

"(3) No financial assistance shall be extended pursuant to this subsection unless the financial assistance applied for is not otherwise available on reasonable terms from non-Federal sources.

"(4) No immediate participation may be purchased unless it is shown that a deferred participation is not available; and no loan may be made unless it is shown that a participation is not available.

"(5) In agreements to participate in loans on a deferred basis under this subsection, the Administration's participation shall not be in excess of 90 per centum of the balance of the loan outstanding at the time of disbursement.

"(6) The Administration's share of any loan made under this subsection shall bear interest at the same rate as loans made under subsection (a) of this section. The maximum terms of any such loan, including extensions and renewals, may not exceed fifteen years.

"(7) All loans made under this subsection shall be of such sound value as reasonably to assure repayment, recognizing that greater risk may be associated with loans made to business concerns in this field: *Provided*, That factors in determining 'sound value' shall include, but not be limited to, quality of the product or service; technical qualifications of the applicant or his employees; sales projections; and the financial status of the business concern: *Provided further*, That such status need not be as sound as that required for loans under subsection (a) of this section.

"(8) (A) The Administration, after consultation with the Department of Energy and other Federal departments and agencies as the Administrator deems appropriate, shall publish in the Federal Register for public comment not later than sixty days after the date of enactment of this subsection proposed regulations to carry out the provisions of this subsection. The Administration shall make all reasonable efforts to solicit comments from small businesses and shall take into consideration comments submitted regarding such proposed regulations.

"(B) The administration shall publish final regulations under this subsection not later than one hundred and eighty days after the date of enactment of this subsection.

"(9) It is the intent of Congress that the paperwork burden and regulatory impact on applicants under this subsection shall be minimized, and that to the maximum extent practicable, the Administrator may rely upon consultation with the Department of Energy and other agencies, upon paid consultants, and upon voluntary public submissions of information to obtain market data, industry sales projections, energy savings, and other economic information needed to carry out the provisions of section 7(1)(1) (D) and (E). Nothing in this subsection shall be construed as precluding the Administrator from using any of his lawful powers to obtain information from applicants."

SEC. 3. Section 7(d) of the Small Business Act is amended by inserting "(1)" after "(d)" and by adding at the end of such subsection the following paragraph:

"(2) The Administration is authorized to hold seminars throughout the Nation to make potential applicants aware of the opportunities available under this subsection and related government energy programs, and to make grants to qualified organizations to provide training seminars for small business concerns regarding practical and easily implemented methods for design, manufacture, installation, and servicing of equipment and for providing services listed in paragraph (1) of this subsection, except that recipients of loans made pursuant to this subsection shall not subsequently be eligible for such grants."

Regulations.  
Publication in  
Federal Register.

15 USC 636.

Grants.

- SEC. 4. Section 4(c) of the Small Business Act is amended—  
 (1) in subparagraph (B) of paragraph (1), by inserting “7(1),”  
 after “7(i),”; and  
 (2) in subparagraph (B) of paragraph (2), by inserting “7  
 (1),” after “7(i),”.
- SEC. 5. Section 20(e) of the Small Business Act (15 U.S.C. 649(e))  
 is amended by adding at the end thereof a new paragraph as follows:  
 “(10) For the programs authorized by section 7(1) of this Act,  
 the Administration is authorized to make \$30,000,000 in direct and  
 immediate participation loans and \$45,000,000 in guaranteed loans.”
- SEC. 6. Section 10(b) of the Small Business Act (15 U.S.C. 639(b))  
 is amended by adding the following: “Such report shall contain the  
 number and amount of loans, the number of applications, the total  
 amount applied for, and the number and amount of defaults for each  
 type of equipment or service for which loans are authorized by this  
 subsection, and on the projected and actual energy savings and num-  
 bers of jobs created by firms through loans made under section 7(1)  
 of the Small Business Act. The Department of Energy shall assist the  
 Administration in obtaining information and compiling this report.”
- SEC. 7. Section 20(f) of the Small Business Act (15 U.S.C. 649(f))  
 is amended by striking the first sentence and inserting in lieu thereof:  
 “There are authorized to be appropriated to the Administration for  
 fiscal year 1979 \$1,601,750,000 to carry out the programs referred to  
 in subsection (e), paragraphs (1) through (10).”

15 USC 633.  
 15 USC 631 note.  
 15 USC 636.  
 Reports to  
 President,  
 Congress, and  
 congressional  
 committees.  
 15 USC 636.  
 15 USC 631 note.  
 Appropriation  
 authorization.

Approved July 4, 1978.

**LEGISLATIVE HISTORY:**

- HOUSE REPORT No. 95-1071 (Comm. on Small Business).  
 SENATE REPORT No. 95-828 (Select Comm. on Small Business).  
 CONGRESSIONAL RECORD, Vol. 124 (1978):  
 May 2, considered and passed House.  
 May 24, considered and passed Senate, amended.  
 June 16, House concurred in Senate amendment with amendments.  
 June 19, Senate concurred in House amendments.
- WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 14, No. 27:  
 July 4, Presidential statement.