

JOHN F. KERRY, MASSACHUSETTS, CHAIRMAN
OLYMPIA J. SNOWE, MAINE, RANKING MEMBER

CARL LEVIN, MICHIGAN
TOM HARKIN, IOWA
JOSEPH I. LIEBERMAN, CONNECTICUT
MARY LANDRIEU, LOUISIANA
MARIA CANTWELL, WASHINGTON
EVAN BAYH, INDIANA
MARK PRYOR, ARKANSAS
BENJAMIN L. CARDIN, MARYLAND
JON TESTER, MONTANA

CHRISTOPHER S. BOND, MISSOURI
NORM COLEMAN, MINNESOTA
DAVID VITTER, LOUISIANA
ELIZABETH DOLE, NORTH CAROLINA
JOHN THUNE, SOUTH DAKOTA
BOB CORKER, TENNESSEE
MICHAEL ENZI, WYOMING
JOHNNY ISAKSON, GEORGIA

NAOMI BAUM, DEMOCRATIC STAFF DIRECTOR
WALLACE HSUEH, REPUBLICAN STAFF DIRECTOR

United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510-6350

July 31, 2008

The Honorable Jovita Carranza
Acting Administrator
U.S. Small Business Administration
409 Third Street, SW
Washington, D.C. 20416

Dear Acting Administrator Carranza:

There are nearly 26 million small businesses in this country, representing nearly 26 million business owners that are focused on keeping their doors open and putting food on the table for their families. The National Small Business Association's recently released 2008 survey of small and mid-sized business reported that spikes in energy costs have negatively impacted 77 percent of small-business owners. In response to rising costs, 37 percent of businesses have increased their prices, 33 percent have reduced their business travel, 11 percent have cut their production schedule, and 10 percent have reduced their workforce. It is clear that along with health care costs, and global competitiveness, energy prices are at the forefront of challenges confronting America's small businesses.

In fact, according to a 2008 National Federation of Independent Business (NFIB) survey entitled, "Small Business Problems and Priorities," NFIB members ranked the cost of natural gas, propane, gasoline, diesel and fuel oil as their second greatest concern – behind access to affordable health insurance – with 42 percent of NFIB members surveyed indicating that this problem is "critical."

As you may know, the Senate Committee on Small Business and Entrepreneurship recently held a hearing to examine the dramatic increase in home heating oil prices. This was the fourth hearing our Committee has held on rising energy prices this Congress. With gas prices in New England averaging over \$4.00 per gallon and heating oil prices approaching \$5.00 per gallon, it is clear that we are facing an energy crisis where short and long-term solutions must be put on the front burner.

As Chairman and Ranking Member of this Committee, and as longstanding stewards of the environment, we firmly believe that small businesses should play a leading role in forging a solution to global climate change and rising energy prices. That is why we introduced small business energy efficiency legislation that was included as a title in the Energy Independence and Security Act (H.R. 6), which became public law on December 19, 2007. This title will not only help protect the environment by incentivizing small businesses to make a smaller carbon footprint, but will also significantly lower the energy costs for cash-strapped small businesses.

The SBA has had adequate time to review the small business requirements included in this law and make plans for carrying them out. We request that the SBA provide the Committee a progress report on implementing these vital provisions. Please provide a list of concrete steps SBA has taken to implement these, as well as what specific steps you will take within the near future to complete implementation. The small business requirements contained in H.R. 6 include:

- **Ensure that the SBA completes its requirements under the Energy Policy Act of 2005 (Sec. 1203).** Within 90 days of enactment, the SBA must complete all of its requirements under the Energy Policy Act, including setting up an Energy Clearinghouse that builds on the Environmental Protection Agency's Energy Star program. Has this program been fully implemented? What specific steps, in addition to establishing a website link, has SBA taken to complete these requirements? What further steps will SBA take on this matter?
- **Create a Small Business Energy Efficiency Pilot Grant Program (Sec. 1203).** This pilot, competitive grant program would be administered through the national network of Small Business Development Centers (SBDCs), which would provide energy audits to small businesses to enhance their energy efficiency practices, as well as providing access to information and resources on energy efficiency practices, including on-bill financing options. Has this program been fully implemented? Why or why not?
- **Encourage Innovation in Energy Efficiency (Sec. 1203).** Federal agencies shall give priority to Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) program solicitations by small businesses that participate in or conduct energy efficiency or renewable energy system research and development. SBA will issue guidelines to assist Federal agencies and departments in determining whether priority has been given. Has SBA issued these guidelines yet? Why or why not?
- **Allowing SBA Express Loans for Renewable Energy and Energy Efficiency (1201).** The bill allows loans under the SBA's Express Loan program to be made for purpose of purchasing a renewable energy system or financing an energy efficiency project for an existing small business. How many small businesses have taken advantage of this key initiative? How can we increase the amount? How is the SBA conducting outreach of these loans?

- **Establishes a Renewable Fuel Capital Investment Company Program.** The purposes of this Renewable Fuel Capital Investment Company are: (1) to promote the research, development, production and bringing to market of renewable energy sources; (2) establish a venture capital program to address the unmet investment needs of small businesses engaged in the production and distribution of renewable energy sources; and (3) to make grants to the Renewable Fuel Capital Investment Companies. Has this program been implemented? Why or why not? Please provide a detailed update on SBA's specific actions to implement this program.
- **Small Business Telecommuting.** The bill instructed SBA to initiate a telecommuting pilot program to provide information regarding telecommuting to employers that are small business concerns and to encourage such employers to offer telecommuting options to employees. Which regions have been selected, and what was this selection based upon? What steps have been taken thus far to implement the telecommuting program? Have there thus far been any success stories?

These vital provisions are even more necessary at this critical juncture as there is no doubt that our country's current rising gas and energy costs are hurting the competitiveness of America's small businesses. With small businesses accounting for over half of our fuel consumption, this bill puts small businesses in the driver's seat in the fight for a cleaner, greener future.

Through efforts to increase energy efficiency, small businesses can contribute to America's energy security, help to combat global warming, and add to their bottom line all at the same time. Please provide the Committee with the information requested above within one month from the date of this letter. We believe that the SBA can play a significant role in assisting small businesses to become more energy efficient and implementing the requirements of this law is a crucial example. Should you have any questions please do not hesitate to contact me or have a member of your staff contact Jeremy Marcus (Senator Kerry) or Alex Hecht (Senator Snowe) on the Senate Small Business Committee at (202) 224-5175.

Sincerely,



John F. Kerry
Chairman



Olympia Snowe
Ranking Member