



Joan McDonald
Commissioner



State of Connecticut
Department of Economic and
Community Development

***TESTIMONY SUBMITTED TO THE ENERGY AND TECHNOLOGY
COMMITTEE
March 7, 2008***

*Joan McDonald, Commissioner
Department of Economic and Community Development*

***SB 591 AN ACT CONCERNING LOW-INTEREST LOANS TO STATE RESIDENTS
FOR ENERGY EFFICIENT HOME IMPROVEMENTS***

The Department of Economic and Community Development (DECD) offers the following comments in **opposition** to *SB 591 AN ACT CONCERNING LOW-INTEREST LOANS TO STATE RESIDENTS FOR ENERGY EFFICIENT HOME IMPROVEMENTS*.

DECD has been successfully administering the Energy Conservation Loan (ECL) Program for over twenty-five years. During this time eligible residents have greatly benefited from this program because they are able to complete much needed energy efficient upgrades utilizing low-interest loans they can afford. In partnership with the Connecticut Housing Investment Fund (CHIF), DECD funded 199 loans totaling \$1,784,680 under this program just last year. Over the past two years, DECD collected \$3,427,256 in principal and interest, of which \$887,171 was returned to the state General Fund. The success of ECL is particularly due to the ability of this program to be self sufficient and not require additional funding from the state Bond Commission.

Additionally, DECD is already lending funds for the energy efficient improvements addressed in section 2 of the bill and would strongly discourage extending loan terms for the life expectancy of the improvements because this will greatly reduce the funding available. DECD also feels that the current structure of calling a loan due upon a property's sale is the most efficient way to administer this program and opposes the proposed transfer of a loan balance to a subsequent property owner. Tracking future owners and trying to hold them accountable for previous liens on the property will also be burdensome to both the agency and homeowner.

The department recognizes the underlying intent of this proposal and would be happy to have further discussions with the proponents of this bill. However, DECD would urge the committee to **not** take favorable action on this proposal in its present format.

Thank you for your consideration of the department's views on this bill. Should you require any additional information please contact Joseph Oros, Legislative Program Manager, at 270-8186.