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## **National Energy Community Transition Act**

The National Energy Community Transition Act would establish a new permanent Endowment fund and federally chartered Corporation to support economic development and diversification, capacity building, transition planning, and core public services in communities that have historically relied on fossil fuel energy generation or extraction and are experiencing, or likely to experience, a related economic transition.

The National Energy Community Transition Act would:

- **Establish a federally chartered, non-governmental, nonprofit Corporation overseen by a diverse and carefully constructed Board to provide economic support to local governments and other eligible entities in transitioning communities.** The Corporation would manage a new Endowment and be responsible for disbursing funds efficiently to transitioning communities that need support. The Corporation's Board would be comprised of members from eligible communities, experts with relevant economic development experience, and representatives from labor organizations. The initial makeup of the Board would include representation from each of the six priority energy community regions outlined by the Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization.<sup>1</sup>
- **Provide a significant down payment to a new permanent Endowment and outline a framework to grow it over time.** The Endowment's principal balance would live in perpetuity, creating a reliable long-term funding source for communities in transition. It would be invested and managed with the goal of generating a return of 5% annually. Two accounts would be created within the Endowment:
  - Permanent Account to be filled with the initial deposit and income generated over time.
  - Benefits Account to be filled with a percentage of otherwise unobligated federal leasing revenue in the U.S. Treasury from fossil fuels and renewable energy.
- **Direct the Corporation to distribute funding from the Endowment to support local government services and transition efforts in eligible communities.** Disbursements include:
  - Formula Payments sent on an annual basis directly to county, municipal, or Tribal governments to sustain budgets and core public services (e.g. support for public safety, hospitals, or schools). The formula would be developed by the Corporation's Board, with public review and comment, and would take into account historic and projected revenue declines, while prioritizing communities facing power plant or mine closures.
  - Transition Grants to eligible local entities for planning and economic diversification, including capacity building, implementation of transition plans, and projects for workforce retraining and community development. Priority and technical assistance would be given to entities in communities with limited capacity to apply for or access federal funding.
  - Investments in local projects to leverage the programs funded by the transition grants.

This suite of financial tools targeted at communities confronting energy transitions would help sustain local budgets and ensure core public services continue while addressing community priorities and providing flexible resources for economic development and diversification.

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<sup>1</sup> ["Initial Report to the President on Empowering Workers Through Revitalizing Energy Communities" \(April 2021\).](#)