

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: SB447

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Petersen

3. Committee: General Laws and Technology

4. Title: **Department of General Services; capital outlay projects; LEED standards applicable**

5. Summary: This bill requires all state-owned buildings that encompass a total of area of over 10,000 square feet to meet the United States Green Building Council Leadership in Energy and Environment Design (LEED) silver certification standard, unless granted an exemption by the Director of the Department of General Services (DGS). The provisions of the bill do not apply to construction projects of public school districts.

6. Fiscal Impact Estimates: Preliminary. See Item 8.

7. Budget Amendment Necessary: Yes. Item 81, SB 30.

8. Fiscal Implications: The concept of LEED construction is an environmentally sound and energy saving concept. However, application can be costly. DGS indicates that there is a one to three percent increase in costs for design and construction of a LEED Silver certified building. Based on current projects, DGS estimates an impact of approximately \$1 million to \$3 million in FY 2009 and FY 2010.

Conversely, operating savings should result from implementation of LEED standards and these savings may potentially offset the increased costs to meet LEED Silver standards. These operating savings would be calculated by life cycle cost analysis of the improvements.

Since this legislation impacts projects that have been approved and funded, this legislation may result in agencies needing to request supplemental funding for projects that have already been authorized. The costs of future projects may also be impacted.

DGS also estimates that one additional general fund position would be needed to implement the LEED standards. These activities are general fund overhead and should not be charged back to agencies. The LEED coordinator would develop, implement, and update regulations that would meet LEED certification standards and provide training. DGS will also need to oversee the appeal process. The agency estimates this cost to be approximately \$100,000 annually. Since DGS cannot absorb this cost, a budget amendment is needed. (See Item 7.)

9. Specific Agency or Political Subdivisions Affected: Department of General Services, all agencies with capital projects

10. Technical Amendment Necessary: No

11. Other Comments: None

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