

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB2174

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

2. Patron: Hogan

3. Committee: General Laws

4. Title: **Retention of energy savings by state agencies.**

5. Summary: Establishes a program under which the amount of general fund dollars appropriated for a state agency's operating costs will be held harmless from any reduction in projected operational expenditures that results from the state agency's implementation of an energy conservation program. State agencies are required to prepare an approved energy conservation program for each building the state agency occupies or, if it does not occupy an entire building, for the portion of a building it occupies, based on guidelines to be developed by the Department of General Services (DGS). The program is required to identify specific measures that the state agency may implement in order to reduce energy expenditures. The department shall track the energy expenditures for each state agency and calculate its energy savings, which shall be reported to the Department of Planning and Budget, the House Appropriations Committee, and the Senate Finance Committee.

6. Fiscal Impact Estimates: Preliminary, see Item 8.

6a. Expenditure Impact:

Fiscal Year	Dollars	Positions	Fund
2009	0	0	
2010	\$458,441	4	GF
2011	\$458,441	4	GF
2012	\$458,441	4	GF
2013	\$458,441	4	GF
2014	\$458,441	4	GF

7. Budget amendment necessary: Yes, Item 81 and Item 121.

Fiscal implications: DGS indicates that it would need to add three positions at a cost of \$100,000 each (salary, fringe benefits, and support costs) to administer the program proposed by this legislation. The bill requires DGS to:

- Develop guidelines by January 1, 2010 that identify measures that state agencies may implement to reduce energy expenditures.
- Approve energy conservation programs from the agencies if they compile with guidelines and laws.
- Track energy expenditures for each agency

- Conduct audit of state agencies to ensure approved energy conservation measures are implemented.
- Annually calculate the energy savings for each agency.
- Report each year on the amount each agency saves.

The Department of Mines, Minerals and Energy (DMME) estimates that they would need one additional full-time position to implement the requirements of this bill, specifically for providing assistance to DGS with the development, review, implementation, and auditing of agency plans. DMME estimates the total cost for supporting this new position to be \$158,441 annually, beginning on July 1, 2009. This assumes a personnel cost of \$130,441, including salary and benefits, and an additional cost for travel, mileage, and telecommunication and technology costs, estimated to be \$28,000 annually.

Both agencies anticipate needing these positions starting on July 1, 2009 should this bill pass.

The impact on agencies is indeterminate. Agencies will incur some cost preparing their energy conservation program and the biennial updates. Since the legislation does not mandate energy standards, there should be minimal fiscal impact on agencies. Agencies could incur on-going operating savings by implementing their energy program. The bill allows agencies to keep all energy savings.

9. Specific agency or political subdivisions affected: Department of General Services, Department of Mines, Minerals and Energy, and all state agencies.

10. Technical amendment necessary: No

11. Other comments: None

Date: 1/30/2009 amk

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cc: Secretary of Administration