

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: SB1252

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

2. Patron: Petersen

3. Committee: General Laws and Technology

4. Title: **Green Public Buildings Act.**

5. Summary: Requires public bodies entering the design phase for construction of a new building greater than 5,000 gross square feet in size, or renovating such a building where the cost of renovation exceeds 50 percent of the value of the building, to build to either the Green Globes Green Building Initiative green building rating standard or the United States Green Building Council Leadership in Energy and Environment Design green building rating standard (LEED). Exemptions from the requirement may be granted by the Director of the Department of General Services (DGS) for state construction projects or the governing body of a locality or school board for local projects.

6. Fiscal Impact Estimates: Indeterminate, see Item 8

7. Budget Amendment Necessary: Yes, Item 81 for DGS and potentially for any capital project incurring an increase in cost for design and construction. An increased appropriation for debt service is possible if a project funded with tax-supported debt has its scope increased to meet one of these standards.

8. Fiscal Implications: The concept of LEED and Green Globes construction is an environmentally sound and energy saving concept. The actual application of the standard, however, can increase the cost of capital projects. This proposal will impact any public body with a project entering the design phase that will construct a new building greater than 5,000 square feet or renovate such a building where the cost of renovation exceeds 50 percent of the value of the building.

DGS indicates that there is an initial one to three percent increase in costs for design and construction of a LEED Silver certified building assuming the projects were not designed to meet these standards. DGS estimates that approximately \$800 million in state construction alone may be impacted by this legislation. This estimate does not include local projects that would be impacted.

Conversely, there should be on-going operating savings through implementation of the LEED standards. These operating savings would be calculated by life cycle cost analysis of the improvements and have the potential to offset the increased costs to meet the LEED Silver standards.

DGS estimates that one general funded position will be needed to fully implement the requirements of this legislation. The position would be filled beginning FY 2010 at an annual cost (salary and benefits) of approximately \$100,000. This position would be the DGS Green Building coordinator to develop, implement, and update regulations that address LEED and Green Globes standards/requirements and to provide training to architects, engineers, and procurement staff at agencies.

9. Specific Agency or Political Subdivisions Affected: Department of General Services and all public bodies constructing buildings, including localities.

10. Technical Amendment Necessary: No

11. Other Comments: HB 2387 is the same as SB 1252

Date: 1/29/2009 amk

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cc: Secretary of Administration