

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	123,929		97,736	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	123,929		97,736	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 14 requires the State Energy Office, in consultation with the State Building Administrator, to adopt and publish energy conservation standards for construction of all new capital projects. The standards shall be adopted to achieve energy conservation and shall allow for design flexibility.

Five state agencies and political subdivisions are required to reduce energy use in public buildings by ten percent per square foot of floor area by July 1, 2014 and by fifteen percent by July 1, 2017:

1. Department of Administrative Services
2. Board of Regents of the University of Nebraska
3. Department of Roads
4. Department of Motor Vehicles
5. Community College Board for each community college

The State Energy Office is required to provide technical assistance to the agencies and political subdivisions listed above. The Energy Office is also charged with measuring compliance and reporting to the Legislature.

Subsection 5 of the bill requires all state agencies to procure energy-efficient products that are certified by the US Department of Energy or the US EPA as Energy Star or that are certified in all categories that are available unless the products are shown not to be cost-effective on a life-cycle cost basis.

The energy reduction for the five agencies identified above will result in energy cost savings. However, the net impact cannot be determined at this time. It is unclear what the costs associated with achieving such energy usage reductions will be. For example, increasing insulation to reduce energy usage would have a cost that offsets the initial savings. In addition, equipment and monitoring devices may be required to fully implement the bill's provisions.

The State Energy Office estimates the need to hire 2 FTE: 1 Engineer to provide technical assistance, monitor and measure compliance and 1 Staff Assistant to enter consumption data submitted to measure compliance. Travel costs are estimated to be minimal as are the start-up costs of purchasing 1 computer for each FTE. These estimates are based on an assumption of 1,500 buildings being covered by the bill's provisions. There is no basis to disagree with these estimates.

The Department of Administrative Services states that the cost to meet the specific energy reduction goals is unknown. DAS estimates \$24,000,000 in fiscal year 2009-10 and \$20,000,000 in fiscal year 2010-11 for upgrading existing building envelopes and HVAC systems to improve energy efficiency. Part of this cost is for energy management controls. This is estimated at \$25,000 per facility for over 200 buildings for a total of \$5,000,000. The second component would be the capital intensive part such as upgrading HVAC systems and replacing windows. Without performing a thorough study of the facilities and all potential solutions, a meaningful estimate of costs cannot be adequately provided.

While there will certainly be costs to affect the changes included in LB 14, it is unclear that this proposal is the most cost efficient manner in which to address the bill's provisions. These costs are not included in the table above since the range of potential costs to address this aspect of the bill's provisions is so great.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Cindy Miserez	DATE	1/21/09	PHONE	471-2526
COMMENTS					
MOTOR VEHICLES – Concur.					
UNIVERSITY OF NE – I have no basis to evaluate estimate. Cost will be significant but undetermined at this time.					