

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 79 **STATUS:** A Engrossed
SUBJECT: Energy use in buildings
GOVERNMENT UNIT AFFECTED: Department of Energy, Department of Consumer and Business Services, Department of Administrative Services, Public Utility Commission, and Counties
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DATE: April 6, 2009

EXPENDITURES:	<u>2009-2011</u>	<u>2011-2013</u>
<u>Department of Energy</u>		
Personal Services – Other Funds (OF)	\$ 147,634	\$ 147,634
Services and Supplies – OF	\$ 39,181	\$ 39,181
Task Force Expense Reimbursement – OF	\$ 20,000	\$ 0
<i>Special Payments to DCBS – OF</i>	\$ 401,857	\$ 0
Total OF Expenditures	\$ 608,672	\$ 186,815

<u>Department of Consumer and Business Services</u>		
Personal Services – Other Funds (OF)	\$ 362,937	
Services and Supplies – OF	\$ 38,920	Unknown
Total OF Expenditures	\$ 401,857	

REVENUES:

<u>Department of Consumer and Business Services</u>		
Transfer from Department of Energy – OF	\$ 401,857	

POSITIONS / FTE:

Department of Energy		
Program Analyst 3 – permanent	1.0/1.0	1.0/1.0
 Department of Consumer and Business Services		
Policy Analyst 4 – limited duration	2.0/2.0	

EFFECTIVE DATE: On passage.

GOVERNOR’S BUDGET: The bill is anticipated by the Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill creates the Task Force on Energy Performance Scores to study energy use in existing buildings, develop recommendations for a voluntary energy performance scoring system, make recommendations for a statewide mandatory energy scoring system for new and existing buildings, and report to an interim committee of the Legislative Assembly no later than October 1, 2010. Task Force members may be reimbursed for actual and necessary travel and other expenses. The Department of

Energy is directed to adopt in rule the voluntary energy performance scoring system created by the Task Force by July 1, 2010. The director of the Department of Consumer and Business Services (DCBS) shall adopt and administer a Reach Code; adopt rules establishing uniform energy conservation standards for inclusion under the state building code and to periodically update the standards; adopt amendments to the state building codes to increase energy efficiency in building that are newly constructed, reconstructed, altered or repaired; and establish goals for increasing the level of energy conservation achieved by the use of energy efficiency standards contained in state building code and the Reach Code by January 1, 2010. By January 1, 2012, the director of DCBS shall adopt amendment to the state building code to achieve 15 to 25 percent increase in energy efficiency of non residential and an increase of between 10 to 15 percent for residential buildings through new construction, reconstruction, alteration or repair of buildings.

The Department of Energy (DOE) indicates that staffing the task force and coordinating rulemaking activities associated with the voluntary scoring system in the bill will require the addition of a Policy Analyst 3 position during the 2009-11 biennium. Further, DOE anticipates that implementation activities associated with the rulemaking process will require continued staff support in the 2011-2013 biennium. The bill identifies no specific source of funding for these activities; however, the Governor's recommended budget includes Policy Option Package (POP) 100 which provides staff support to DOE for similar work and a special one-time payment to DCBS for work related to building code amendments. DOE's assumed expenditures for the 2009-11 biennium are \$608,672 which includes personal services, services and supplies, task force reimbursements and the special payment to DCBS (described below). The Other Fund source for these expenditures is DOE's Energy Supplier Assessments. The Department does not anticipate needing to increase their ESA assessment in the 2009-2011 biennium to cover implementation of the bill.

The Department of Consumer and Business Services (DCBS) is responsible for the development and adoption of building codes in Oregon. DCBS indicates that implementation of the bill will require two limited duration Policy Analyst 4 positions for the 2009-11 biennium. These positions will be responsible for management and coordination of the energy requirements in the state building code including code adoption, interpretation, local jurisdictional application of the code, rules processing, licensing, training and forms development. In addition, these positions will work with stakeholders, various technical programs, seven advisory boards, and the Task Force on Energy Performance Scores. Costs associated with these positions will be \$404,357 Other Funds for the 2009-11 biennium. DCBS assumes that funding for these positions in the 2009-11 biennium will be provided through a transfer of \$401,857 from the DOE Energy Supplier Assessments. Expenditure limitation and position authority for the DCBS to complete this work is included in POP 193 of the Governor's recommended budget.

DCBS also anticipates returning to the 2011 Legislature to request funding for work associated with this bill for the 2011-2013 biennium, however, the level of investment required to support achievement of the energy conservation goals established for January 1, 2012 and future sources of funding is not known at this time.

The Department of Administrative Services (DAS) indicates that the bill will have an indeterminate fiscal on future construction projects. Increased construction costs would result in Uniform Rent or Self Support Rent increases to tenants of DAS operated buildings. Any impacts resulting from changes to building codes would not likely occur until the 2011-2013 biennium. The potential fiscal impact on other state agencies authorized to renovate or construct buildings would likewise be indeterminate.

The Public Utility Commission was identified as a participant of the Task Force on Energy Performance Scores. This fiscal assumes that this work will have minimal impact on this agency and that any resulting work can be absorbed with existing resources.

The Association of Oregon Counties indicates that the bill will have a minimal fiscal impact on counties.