

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 869 - 2

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Requires Department of Consumer and Business Services to study how to build efficiency into buildings.

Government Unit(s) Affected:

Department of Consumer and Business Services, Office of the Governor, Department of Transportation, Department of Energy, Department of Environmental Quality

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Department of Consumer and Business Services		
Other Funds		
Personal Services	\$689,357	\$783,360
Services and Supplies	\$66,694	\$52,331
Total Other Funds	\$756,051	\$835,691
Total Fiscal Impact	\$756,051	\$835,691
<i>Total Positions</i>	2	2
<i>Total FTE</i>	1.76	2.00

Analysis:

SB 869 - 2 requires the Department of Consumer and Business Services (DCBS) to prioritize and take actions necessary to accelerate reductions in greenhouse gas emissions, including rulemaking processes, and considering and integrating reduction of climate change impacts and the greenhouse gas emissions reductions into planning, budgeting, investment and policy-making decisions. DCBS is to set goals for improved energy efficiency in buildings; investigate options for reducing greenhouse gas emissions that result from manufacturing, transporting, installing, disposing of, and recovering materials used in construction; and investigate the potential benefits and feasibility of updating building ventilation standards and specifying standards for air cleaners in building mechanical systems and occupied indoor spaces.

To carry out this work, DCBS is to consult with the department’s advisory boards and committees and cooperate with the Oregon Department of Energy (ODOE) to specify energy efficiency goals for new residential and commercial construction with an aim to achieve at least a 60 percent reduction in annual energy consumption by 2030, from standards specified building and specialty codes that were in effect in 2006. DCBS is to cooperate with ODOE to identify metrics to inform updates to the statewide building code and applicable specialty codes. The agency is to report to an interim committee of the Legislative Assembly related to the environment by December 31 of every third year, starting in 2023, on progress and options to achieve goals.

DCBS is to update the Reach Code to show progress toward the goals each time the agency updates the statewide building code and applicable specialty codes. DCBS is to coordinate with the Department of Environmental Quality (DEQ) to quantify greenhouse gas emissions that occur as a result of the manufacture,

transport, installation, disposal, and recovery of materials used in building construction; and identify options to reduce greenhouse gas emissions attributable to building materials. All of these requirements are operative January 1, 2024. It is not clear if this conflicts with the requirement for DCBS to report to the Legislature in 2023.

The agency is to report to an interim committee of the Legislative Assembly related to the environment on findings and recommendations on options for reducing greenhouse gas emissions that result from building materials by December 31, 2024.

The measure takes effect on the 91st day after the legislature adjourns sine die.

Department of Consumer and Business Services

DCBS anticipates costs totaling \$756,051 Other Funds in the 2023-25 biennium and \$835,691 Other Funds in the 2025-27 biennium. Other Funds are derived from building code division fees; it is not clear if this measure would require an increase in fees or if the agency has sufficient reserves to pay for position costs in the short term, and further analysis is needed.

The agency would hire two full-time permanent positions, an Operations and Policy Analyst 4 and a Professional Engineer 2 (both 0.88 FTE in 2023-25, and 1.00 FTE in 2025-27) to serve as subject matter experts on energy efficiency and the building code. These positions are priced at Step 9, instead of Step 3 for salaries, as these are specialized positions that may be difficult to hire at a lower rate.

DCBS notes that there could be additional impacts related to prioritization outlined in the bill, and the need to address conflicts between prioritization outlined elsewhere in statute. Additionally, building code is intended to be product neutral; giving preference to particular products could lead to legal challenges.

Other agencies

There is no fiscal impact the Office of the Governor; and minimal impact for DEQ.

ODOE also anticipates a minimal impact, but notes that ODOE's consultative responsibilities are not fully clear, and the agency may require additional resources depending on ODOE's ultimate scope of work. The agency currently anticipates that around 0.50 FTE of existing staff time will need to be used to implement this measure.

Oregon Department of Transportation foresees a short-term minimal impact, but notes that in the long run, this measure could cause increased building costs; however, these potential increased costs are out of the two biennia scope of this fiscal impact statement.