

### Fiscal Estimate - 2009 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>09-4076/1</b>	<b>Introduction Number</b> <b>AB-0649</b>	
<b>Description</b> Goals for reductions in greenhouse gas emissions, for construction of zero net energy buildings and for energy conservation; information, analyses, reports, education, and training concerning greenhouse gas emissions and climate change; energy efficiency and renewable resource programs; renewable energy requirements of electric utilities and retail cooperatives; requiring electric utilities to purchase renewable energy from certain renewable facilities in their service territories; authority of the Public Service Commission over nuclear power plants; motor vehicle emission limitations; a low carbon standard for transportation fuels; the brownfield site assessment grant program, the main street program, the brownfields grant program, the forward innovation fund, grants to local governments for planning activities, the transportation facilities economic assistance and development program, a model parking ordinance; surface transportation planning by the Department of Transportation and metropolitan planning organizations to reduce greenhouse gas emissions; environmental evaluations for transportation projects; idling limits for certain vehicles; energy conservation codes for public buildings, places of employment, one- and two-family dwellings, and agricultural facilities; design standards for state buildings; energy efficiency standards for certain consumer audio and video devices, boiler inspection requirements; greenhouse gas emissions and energy use by certain state agencies and state assistance to school districts in achieving energy efficiencies; creating an exception to local levy limits for amounts spent on energy efficiency measures; creating an energy crop reserve program; identification of private forest land, promoting sequestration of carbon in forests, qualifying practices and cost-share requirements under the forest grant program established by the Department of Natural Resources; air pollution permits for certain stationary sources reducing greenhouse gas emissions; allocating a portion of existing tax-exempt industrial development revenue bonding to clean energy manufacturing facilities and renewable power generating facilities; requiring a report on certain programs to limit greenhouse gas emissions; granting rule-making authority; requiring the exercise of rule-making authority; and providing a penalty		
<b>Fiscal Effect</b>  <b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue      5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.143 (3) (j)		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>

COMM/ Tarna Gahan-Hunter (608) 267-9382

Louie Cornelius (608) 266-8629

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## Fiscal Estimate Narratives

COMM 2/10/2010

LRB Number	<b>09-4076/1</b>	Introduction Number	<b>AB-0649</b>	Estimate Type	<b>Original</b>
<b>Description</b> Goals for reductions in greenhouse gas emissions, for construction of zero net energy buildings and for energy conservation; information, analyses, reports, education, and training concerning greenhouse gas emissions and climate change; energy efficiency and renewable resource programs; renewable energy requirements of electric utilities and retail cooperatives; requiring electric utilities to purchase renewable energy from certain renewable facilities in their service territories; authority of the Public Service Commission over nuclear power plants; motor vehicle emission limitations; a low carbon standard for transportation fuels; the brownfield site assessment grant program, the main street program, the brownfields grant program, the forward innovation fund, grants to local governments for planning activities, the transportation facilities economic assistance and development program, a model parking ordinance; surface transportation planning by the Department of Transportation and metropolitan planning organizations to reduce greenhouse gas emissions; environmental evaluations for transportation projects; idling limits for certain vehicles; energy conservation codes for public buildings, places of employment, one- and two-family dwellings, and agricultural facilities; design standards for state buildings; energy efficiency standards for certain consumer audio and video devices, boiler inspection requirements; greenhouse gas emissions and energy use by certain state agencies and state assistance to school districts in achieving energy efficiencies; creating an exception to local levy limits for amounts spent on energy efficiency measures; creating an energy crop reserve program; identification of private forest land, promoting sequestration of carbon in forests, qualifying practices and cost-share requirements under the forest grant program established by the Department of Natural Resources; air pollution permits for certain stationary sources reducing greenhouse gas emissions; allocating a portion of existing tax-exempt industrial development revenue bonding to clean energy manufacturing facilities and renewable power generating facilities; requiring a report on certain programs to limit greenhouse gas emissions; granting rule-making authority; requiring the exercise of rule-making authority; and providing a penalty					

### Assumptions Used in Arriving at Fiscal Estimate

The 2009 Assembly Bill 649 (AB 649) includes the following provisions affecting the Department of Commerce:

#### Climate Change Coordinating Council

The bill creates a Climate Change Coordinating Council and requires the Secretary of Commerce or his or her designee to be a member of it.

#### Industrial Development Bonds

This bill requires the Department to annually dedicate 25 percent of the portion of the volume cap allocated to municipalities to private revenue bonds issued to finance clean energy manufacturing facilities and renewable power generating facilities. This bill also allows Commerce, by rule, to reallocate any unused portion of the 25 percent allocated to clean energy manufacturing facilities and renewable power generating facilities for which no revenue bonds have been issued and for which no resolutions authorizing the issuance of revenue bonds have been adopted.

Under current law, Commerce authorizes municipalities to issue industrial development revenue bonds for an assortment of reasons. This bill directs Commerce to promulgate rules which will annually dedicate 25 percent of the industrial development revenue bonds for clean energy manufacturing facilities and renewable power generating facilities. The Department anticipates that it will be able to promulgate the rules for the allocation within the agency's current resources.

#### Main Street Program

This bill permits Commerce to give additional consideration to a community which is applying for Main Street status, that has a project which will result in a reduction in travel, energy use, or the emission of greenhouse gasses or which is located in a qualified area defined in the bill. This provision will not have a fiscal effect on the Department.

## Brownfields Program

AB 649 requires Commerce to give additional consideration to a recipient that is a city, village, town or county and has a project that will result in a reduction in travel, energy use, or the emission of greenhouse gases or that is located in a qualified area which is defined in the bill. The Department must also establish by rule a match of less than the usual percentage of the costs of the project, if the recipient of the grant is a city, village, town or county and the project is a qualifying project. The Department anticipates that it will be able to promulgate the rules establishing a lower match for municipalities with a qualifying project within the agency's current resources.

## Forward Innovation Fund

AB 649 requires Commerce to give additional consideration to an eligible activity proposed by an eligible recipient that is a governing body of a municipality if the eligible activity will result in a reduction in travel, energy use, or the emission of greenhouse gases, or if the eligible activity is located in a qualified area. The Department must also establish, by rule, a match of less than 25 percent for a municipality that receives a grant or loan and the grant or loan is awarded for a project that results in a reduction in travel, energy use, or the emission of greenhouse gases, or if the eligible activity is located in a qualified area. The Department anticipates that it will be able to promulgate the rules establishing a lower match for municipalities with a qualifying project within the agency's current resources.

## Energy Efficiency and Conservation Standards

AB 649 updates the requirements of the Department regarding the adoption of energy conservation standards for the construction of public buildings and places of employment, and residential dwellings. Specifically, the bill requires the Department to adopt the most recent generally accepted standards for energy conservation in construction and submit updates of these rules to the Legislature within 18 months of a revision to the generally accepted standards. Currently, the Department administers Comm 22 and Comm 63, the state's energy conservation codes for residential and commercial building construction, respectively. These codes currently reflect generally accepted standards and are regularly updated. Therefore, the Department estimates no additional workload resulting from updates to these currently existing codes.

AB 649 also requires the Department to promulgate rules establishing voluntary energy conservation standards that provide significantly greater energy conservation benefits than those provided by the required Commercial building energy conservation code. AB 649 directs the Department to adopt generally accepted standards for this purpose. The Department estimates a workload associated with the promulgation of administrative rules, and the regular updating of those rules. However, the Department estimates that the additional workload can be addressed within existing resources.

AB 649 requires that the Department promulgates rules establishing standards for energy conservation in agriculture buildings. Currently, the Department's building construction rules generally do not apply to agriculture buildings (electrical and plumbing standards do apply) and the Department does not have standards for the particular energy conservation needs of these buildings. The Department estimates a workload associated with the promulgation of administrative rules, and the regular updating of those rules. A workload may also be associated with the administration/enforcement of these standards (plan review, inspection, consultation, etc.). The Department estimates that the additional workload can be addressed within existing resources.

## Boiler Inspection Requirements

AB 649 requires that owners of industrial boilers obtain an annual inspection for compliance with energy efficiency standards, and that the Department may promulgate rules to implement and enforce this requirement. The Department currently administers boiler safety standards, and provides for the regular inspection (primarily by private party inspectors) and for permitting of boilers for adherence to safety standards. In the event the Department elects to promulgate rules and enforce the inspection requirement of AB 649, a workload associated with adopting energy efficiency standards and enforcement requirements for these boilers, permitting of the boilers, and consultation with and training of boiler inspectors for this particular task is anticipated. The Department estimates that the additional workload can be addressed within existing resources.

## Assessment of Department's Progress

AB 649 requires that, no later than July 1, 2013, and at least every 4 years thereafter, the department

prepare an assessment regarding progress toward meeting the new building zero energy use goals indicated by AB 649. The Department estimates a workload associated with developing the capacity to measure zero energy use and collect such data statewide, and the compilation of the required report. The Department estimates that the additional workload can be addressed within existing resources.

**Long-Range Fiscal Implications**