

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 9, 2009

TO: Honorable Burt R. Solomons, Chair, House Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB431 by Lucio III (Relating to design, construction, and renovation standards for state buildings and facilities.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated during the 2010-11 biennium. There would be costs associated with implementation of the bill beginning in fiscal year 2012.

The bill would establish standards for all new state building construction or renovations that are more than 50 percent of the value of state owned buildings, including structures or facilities of institutions of higher education. The projects would have to be designed, constructed, or renovated so that the building:

- * achieves certification under a high-performance building standard that is developed and revised through a consensus-based process;
- * provides minimum requirements for energy use, natural resources use, and indoor air quality;
- * requires substantiating documentation for certification;
- * employs third-party, post-construction review and verification for certification;
- * is determined by the state energy conservation office to be nationally recognized in the building industry, and;
- * encourages the use of products manufactured in this state.

The bill requires that applicable buildings being constructed or renovated meet certain industry standards for energy use and achieve reductions in water use.

The bill would create an advisory committee that would, at least annually, advise the Texas Facilities Commission in determining which high-performance building standards to approve for use. The committee would be comprised of personnel from various public and private entities. It is assumed the operation of this committee would have no significant impact to the state.

The bill would take effect September 1, 2009; however, the provisions of the bill would apply only to a facility or building for which the contract for design services is entered into on or after September 1, 2011, so there would be no construction or renovation fiscal impacts in the 2010-11 biennium.

Recent industry studies conclude that the additional upfront construction costs to support green design range from 0 to 2 percent. Several of the state agencies contacted indicate that additional upfront construction costs to support green design range from 0 to 8 percent. Based on this, it is assumed that the average cost increase is 2 percent.

Applying the two percent average cost increase to the reported cost for new construction and repair/renovation as provided by the Bond Review Board's (BRB) State of Texas Capital Expenditure Plan for Fiscal Years (FY) 2010-2011, it is estimated that additional General Revenue and Legislative Appropriations of \$6,118,676 for FY2012 and \$7,075,568 for 2013 and beyond will be required.

It is assumed that a building that supports green design will have energy, water, and other savings during the life of the building.

If there are agencies or institutions of higher education that currently adhere to the building standards outlined in the proposed bill, then the cost could be less than the assumed 2 percent average cost increase.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 303 Facilities Commission, 305 General Land Office and Veterans' Land Board, 308 State Auditor's Office, 332 Department of Housing and Community Affairs, 405 Department of Public Safety, 582 Commission on Environmental Quality, 601 Department of Transportation, 696 Department of Criminal Justice, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration, 802 Parks and Wildlife Department

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