

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 18, 2011

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources

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

IN RE: SB1031 by Carona (Relating to design, construction, renovation, and energy efficiency standards for buildings.), **As Introduced**

There would be an indeterminate cost to the state from the provisions of the bill.

The bill would require certain state agencies, institutions of higher education, and certain residential, commercial, and industrial buildings to achieve high-performance building standards when constructing a new structure or renovating an existing structure at a cost of more than 50 percent of the building's value. Applicable standards for institutions of higher education would be approved by an institution's board of regents; applicable standards for state agencies would be approved by the Texas Facilities Commission (TFC); applicable standards for certain residential, commercial, and industrial buildings would be adopted by the State Energy Conservation Office from the International Energy Conservation Code.

The bill would require TFC to appoint an advisory committee of governmental and industry representatives, to advise the commission in determining high-performance building standards. In addition to approved standards, state buildings would also be required to meet the standards of the American Society of Heating, Refrigerating and Air-Conditioning Engineers and achieve a 15 percent reduction in water use.

The fiscal impact to the state from implementing the provisions of the bill cannot be determined because the applicable standards and quantity of construction and renovation activities to be undertaken in the future are unknown.

TFC reports that the bill's provisions could increase the overall cost of state construction projects between 9 and 15 percent. Renovation projects, as identified in the bill, could realize a higher cost increase. There could be some offset to the increased costs from the savings realized from lower energy consumption; payback periods for energy improvements average 3 to 9 years. TFC also reports that implementing the provisions of the bill would result in a direct cost to agency operations of \$237,000 during the 2012-13 biennium, including the addition of one full-time equivalent position.

The Texas Department of Transportation reports that the bill's provisions could increase overall construction costs by 5 percent, dependent upon the specific standards approved by TFC. TXDOT has proposed approximately \$10.0 million in new construction and renovation projects for the 2012-13 biennium.

The bill sets statutory provisions for local governmental reporting and use of high-performance energy efficiency standards and requires the State Energy Conservation Office to conduct a feasibility study of newly constructed residential buildings being designed for on-site renewable energy generation and new home construction designed for the installation of solar electric generation and to support electric vehicles. SECO would be required to report related recommendations to the legislature not later than January 1, 2013.

The bill would apply only to a state building constructed or renovated under a contract executed on or after September 1, 2012. The bill would take effect September 1, 2011.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 303 Facilities Commission, 582 Commission on Environmental Quality, 601 Department of Transportation, 712 Texas Engineering Experiment Station, 720 The University of Texas System Administration

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