

## Fiscal Estimate - 2009 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>09-3883/1</b>	<b>Introduction Number</b> <b>SB-450</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 checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input 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 type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input checked="" 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 type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>

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2/26/2010

## Fiscal Estimate Narratives

DOA 2/26/2010

LRB Number	<b>09-3883/1</b>	Introduction Number	<b>SB-450</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

SB-450 is a wide ranging bill which impacts several Department of Administration (DOA) functions. This fiscal estimate addresses estimated costs as they pertain to managing state buildings and vehicles, making grants to local units of government, and supporting other state agencies.

#### Planning Grants to Local Governments:

DOA provides grants to local governments and planning commissions to support the costs of planning activities. ADM48 - "Comprehensive Planning and Transportation Planning Grants Program" sets out the rules that govern this grant program. This rule will need to be amended by the requirement that consideration of traditional neighborhood development be included in the list of elements used to rank grant applications. DOA estimates that this rule revision will require staff time, however, the workload can be absorbed within existing DOA resources. While DOA anticipates no additional direct costs to implement this provision, the Department is not able to determine the fiscal impact on local units of government without knowing the circumstances of each unit of government and each grant application.

#### DOA Participation with other Agencies:

SB-450 requires DOA to consult with the Department of Transportation (DOT) to identify strategies for reducing greenhouse gas emissions from surface transportation and develop methods and procedures for preparing multimodal transportation plans that incorporate these strategies. Additionally, the Office of Energy Independence (OEI) within DOA is directed to participate in a study with the Department of Agriculture, Trade and Consumer Protection (DATCP) and the Department of Natural Resources (DNR) about whether financial incentives for bioenergy feedstocks are adequate. DOA anticipates that these duties can be absorbed by existing staff.

In addition, SB-450 makes the DOA Secretary or designee a member of the Climate Change Coordinating Council. To the extent that the duties are not able to be performed by the Secretary, they will be assigned to current staff with no additional fiscal impact.

#### Zero Net Energy Building Goal:

SB-450 establishes a goal that, by 2030, newly constructed residential or commercial buildings use no more energy than is generated on-site using renewable resources. At this time, DOA is unable to reliably forecast the rate of technology advances or the range of options available to meet this requirement over the next 20 years and, consequently, cannot quantify the cost of this provision to the state building program.

#### Boiler Inspection Requirements:

The Division of State Facilities within DOA operates numerous solid fuel and gas-fired boilers at over 31 central heating plants around the State. While the Division conducts regular safety inspections of these boilers, SB-450 adds a requirement for an annual efficiency inspection. If deficiencies are detected, the bill requires a capital expenditure to maximize energy efficiency and minimize greenhouse gas emissions. However, the cost of corrective action is not measurable at this time because DOA cannot know the extent of those corrections.

#### Design Standards for State Buildings:

SB-450 requires that major state construction projects comply with design standards which the bill requires the Department of Commerce to develop. Minor construction projects are also required to comply if it is technically feasible and cost effective to do so.

Executive Order #145, signed on April 11, 2006, requires that new state buildings be constructed to an energy efficiency standard 30% above the current commercial building code. The State of Wisconsin owns over 6,000 existing buildings that could be impacted. While many are already constructed to standards deemed energy efficient, energy audits to document compliance with these provisions could add to the costs of future remodeling or upgrade projects. The Division of State Facilities considers it likely that existing practices under Executive Order #145 may comply in large part with prospective Commerce rules. If so, SB-450 may not increase DOA costs from current practice. Since Executive Order #145 currently grants DOA the flexibility to determine how best to meet the energy goal, and if the Department of Commerce rules prescribe specific measures, the Division of State Facilities may encounter higher costs. This potential cost cannot be estimated until the Department of Commerce rules are established.

#### Assistance to School Districts:

SB-450 requires OEI to provide information that will help school districts minimize their expenses and environmental impacts by modifying facilities and operational practices. It also encourages schools to voluntarily conduct analyses, establish goals and plans similar to those required for certain state agencies. While this responsibility is beyond the current responsibilities of OEI staff, the extent to which school districts will require assistance is not yet known and, therefore, the fiscal effect is indeterminate.

#### Motor Vehicle Emissions Standards:

SB-450 requires the DNR to promulgate emission rules for cars and trucks that are identical to the standards of the California Air Resources Board (CARB). The DNR may also promulgate identical rules for zero emissions vehicles. Although it is possible that this provision will increase the price of state fleet vehicles purchased by DOA, estimates of any increase would vary widely. Given the large number of variables, the fiscal effect of this provision on DOA is indeterminate.

#### Low Carbon Fuel Standard:

SB-450 also requires the DNR, under certain circumstances, to issue a rule requiring the use of low carbon fuel. The fiscal impact of a low carbon fuel standard on DOA's purchase and operation of fleet vehicles is indeterminate because the large number of variables.

Further, the DNR is directed to promulgate a rule only if certain actions are taken by the Midwest Governors' Association regarding the design of the standard. Wisconsin's Governor must also concur with the action of the Midwest Governors and the DNR rule must be in response to, and consistent with, that action. DOA is not able to know when or if this requirement will become effective or what the specifics of the standard would be. Consequently, DOA is unable to forecast the impact of such a rule on fuel prices that would be paid by DOA and, therefore, the cost is indeterminate.

#### Engine Idling:

SB-450 establishes limits on vehicle idling by certain trucks. DOA fleet management officials believe that these provisions can be easily complied with and will not have a significant impact on DOA.

#### Greenhouse Gas Emissions by Major State Agencies:

SB-450 requires that nine state agencies develop estimates of their greenhouse gas emissions along with goals for the reduction of those emissions and plans to meet the goals. DOA is tasked to create guidelines and protocols for the agencies to use in the process.

DOA currently collects, or has access to, the data needed to develop basic estimates of GHG emissions attributable to agency activities. The Division of State Facilities maintains a database to collect energy use data on state buildings. The Bureau of Transportation in DOA's Division of Enterprise Operations keeps data on DOA fleet vehicles including trucks.

The cost to collect data and analysis to meet the standard required by many GHG emission tracking protocols would require upgrades to the metering capabilities currently in place at many state facilities. DOA is directly responsible for the operation of 33 buildings; seven of these have already installed Building Automation Systems that may comply with enhanced data gathering requirements. Such automated systems could involve additional expenses at each of the other 26 buildings. No specific work plan has been developed to measure and reduce GHG emissions and until a workplan is adopted, DOA is not able to estimate the cost.

While the agencies are directed to establish specific goals, SB-450 requires DOA to set overall goals that ensure that by 2020 energy use by all state agencies is 30% lower than the 2005 level. By the same deadline, greenhouse gas emissions must be reduced by 22% from the 2005 level by major state agencies. The bill further establishes a schedule that requires 10% of the energy used by all state agencies to come from biomass sources in 2010, increasing to 25% by 2025. The large number of variables prevents DOA from developing a reliable cost estimate at this time.

#### Local Levy Limits:

Currently, local units of government are limited in the amount they can raise local tax levies. Section 16.0602(3)(e) lists a number of exemptions to the limits. SB-450 would add expenditures for energy efficiency measures and renewable energy products to the list of exceptions. DOA is directed to promulgate rules to facilitate implementation of this provision. The Department of Revenue (DOR) has issued TAX21 - "County Tax Levy Limit." In promulgating a rule that focuses on activities that are allowed to exceed the limit, DOA will need to coordinate its rule with the Department of Revenue. While the extent of coordination is not yet known at this time, it is anticipated that any additional workload can be absorbed.

Any impact of the levy limit exemption on counties will be determined by their decisions regarding the purchase of energy efficient measures and renewable energy products. This impact is indeterminate at this time.

#### **Long-Range Fiscal Implications**

The field of clean energy, energy efficiency and greenhouse gas emission reduction is subject to rapid and unpredictable technological change. DOA is unable to make a reliable forecast of long-range fiscal implications.