

May 7, 2020

The Honorable Joe Seiwert, Chairperson
House Committee on Energy, Utilities and Telecommunications
Statehouse, Room 481B-W
Topeka, Kansas 66612

Dear Representative Seiwert:

SUBJECT: Fiscal Note for HB 2662 by Representative Parker

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2662 is respectfully submitted to your committee.

HB 2662 would establish the Energy Efficiency Benchmark Act, which would assist owners and occupants of large buildings and the state in saving money through increased energy and water use efficiency.

For state entities, which is defined as all Executive Branch agencies and certain public authorities and commissions, the bill would require the average energy use intensity (EUI) of state owned, operated or leased buildings to be reduced by 20.0 percent by April 1, 2030 from a baseline average EUI established in FY 2022. The Kansas Department of Health and Environment (KDHE) would be required to create a central management implementation team to direct state entities to comply with the Act and take appropriate measures to meet the energy reduction target. The central management implementation team would be required to:

- Provide strategic, technical and other assistance to state entities;
- Create guidelines to assist state entities with complying with the Act on or before April 1, 2021;
- Develop annual milestones for achieving the energy reduction target on or before July 1, 2021;
- Develop a comprehensive operations and management plan for the state's buildings on or before July 1, 2022; and
- Submit a report to the Governor and the Legislature on or before January 15 of each year.

The bill would require state entities to measure the energy use in any state-owned, operated or leased building having an area greater than 20,000 square feet. Buildings that receive low benchmark scores would be required to undergo an energy audit. Campuses that have above average EUI or low benchmark scores, would be required to undergo a campus-wide energy audit.

For non-state buildings, the bill would require utilities to maintain records of energy use data of all covered buildings beginning May 1, 2022. “Covered building” would be defined as any building in the state exceeding 50,000 gross square feet or two or more buildings in condominium form that, together, exceed 100,000 gross feet. Covered building would exclude state-owned, operated or leased buildings. Owners of covered buildings would be required to annually benchmark energy usage no later than May 1, 2022. Benchmarking of water usage would not be required unless a covered building was equipped with automatic meter-reading equipment. Energy and water use data would be required to be uploaded to an internet-based benchmarking tool. The bill would require KDHE to assist utilities with uploading data to the benchmarking tool. In the case of water usage, KDHE would upload the data directly to the benchmarking tool. KDHE would be required to notify owners of covered buildings of their obligations under the Act; make information from the benchmarking tool available to the public; and provide a report annually to the Governor and Legislature.

The Kansas Department of Health and Environment estimates the bill would require additional expenditures of \$240,000 from the State General Fund in FY 2020. The expenditures would include \$147,695 for salary and wages for 2.00 new FTE positions and \$92,305 for other operating expenditures. For FY 2021, it is estimated that \$1.3 million from the State General Fund would be needed, which would include \$823,716 for the salary and wages for 10.50 new FTE positions and \$436,284 for other operating expenditures. The additional staff would implement the new program, including performing a building inventory and establishing baselines for each building.

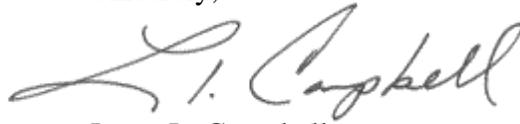
The Adjutant General estimates it would require \$200,000 from the State General Fund in FY 2020 and FY 2021 for 2.00 new FTE positions to implement the new energy reporting requirements. However, the Adjutant General also estimates it would require \$68.5 million from the State General Fund in FY 2020 and FY 2021 to make the necessary improvements to agency buildings to achieve the 20.0 percent reduction in average EUI. The bill would affect 37 buildings operated by the Adjutant General.

The Kansas Department of Corrections states the bill could require substantial expenditures to improve the efficiency of its correctional facilities, but the agency is unable to estimate those costs. Some correctional facilities have buildings or parts of buildings that are over 100 years old. The Department notes that it has completed energy audits of state-owned facilities and has made improvements to the facilities within existing appropriations when possible.

The Kansas Commission on Veterans Affairs Office (KCVAO) estimates the bill would increase expenditures for capital improvement projects, reporting energy usage, and energy audits. However, the KCVAO is unable to estimate the fiscal effect from the bill. The KCVAO indicates it has four buildings that exceed 20,000 square feet.

The Department of Administration and the State Fair indicate the bill would require additional expenditures, but the fiscal effect cannot be determined. Requests for information were sent to the Board of Regents and the Kansas Department for Aging and Disability Services, but the information was not received at the time this fiscal note was prepared. Any fiscal effect associated with HB 2662 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with a large initial "L" and a long, sweeping underline.

Larry L. Campbell
Director of the Budget

cc: Dan Thimmesch, Health & Environment
Jeff Scannell, Department of Administration
Connie Hubbell, Aging & Disability Services
Randy Bowman, Corrections
Michael Neth, Office of the Adjutant General
Robin Jennison, State Fair
Luke Drury, Veterans Affairs