

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below	See Below	See Below	See Below
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS	See Below	See Below	See Below	See Below
OTHER FUNDS	See Below	See Below	See Below	See Below
TOTAL FUNDS	See Below	See Below	See Below	See Below

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 369 requires each state agency to develop and implement a plan for conserving energy and set a percentage goal for reducing its usage of electricity. The plan shall include the use of switchable power strips and be submitted to the State Energy Office by December 1, 2011. Each December 1 thereafter, each state agency shall report to the Energy Office the goals achieved and any additions or modifications to the plan.

The Energy Office is charged with compiling the plans and providing a compilation to the Governor and Legislature.

A sampling of several of the larger state agencies was conducted to gather information regarding the impact of the bill's provisions on state agencies. A complete survey of all state agencies is impractical. Enactment of the bill's provisions will undoubtedly impact all state agencies. The depth of the fiscal impact will vary widely from one agency to another. It is recommended that costs incurred at the agency level be addressed through the deficit and budget processes.

The Energy Office identifies that they would need to hire additional staff or a contractor to compile the reports from other agencies and prepare the annual report. They further identify that the agency does not have sufficient Cash or General Fund authority to support this new function. The Energy Office, however, failed to identify any associated costs associated with this. It is unknown if the expectation for additional staffing or contracting would be for a full-year position or a shorter-term (e.g. someone for 3 months each year).

The bill requires the Energy Office "To compile the energy conservation plans...and provide the compilation to the Governor and Legislature." This function could be as simple as accepting electronic or hard copies of reports and combining them into a single document. The bill does not require the Energy Office to perform any examination or analysis of the reports. If this is the extent of the bill's requirements (to perform a central collection function), the need for additional staffing would likely not be required.

From the sampling of agencies' responses:

Department of Corrections cannot estimate the possible increased costs or cost savings from such a plan. They report that the requirements to develop and submit the plan itself will have no fiscal impact.

Department of Health and Human Services cannot estimate the possible increased costs or cost savings from such a plan. DHHS points out that many utility costs are paid as part of a rent payment; therefore, utility savings will not directly reduce agency costs unless lease agreements are adjusted. DHHS also assumes that Administrative Services will provide switchable power strips to agencies that use state owned space or that rental charges will be adjusted to offset the cost of such strips. It should be pointed out that the DAS response to request for fiscal impact does NOT include purchasing power strips for state agencies. It is likely that this cost would be borne by each agency, not centrally by DAS. DHHS is unable to estimate the number of power strips they would require. They report that the requirements to develop and submit the plan itself will be absorbed within the current appropriation.

Game and Parks Commission estimates the need to contract with an energy conservation consultant to perform an inventory and analysis of facilities. Capital costs are estimated at \$500,000 in fiscal year 2012-13. There is no basis to disagree with these estimates, but it should be pointed out that, in absence of the first year's analysis, the estimate for capital expenditures may be far off the mark. The Game and Parks Commission is unable to estimate any cost savings as a result of implementation of the plan.

University of Nebraska estimates \$55,000 to address the cost associated with consulting to develop an initial plan. Future year costs to implement the plan cannot be estimated until the plan is developed.

Department of Administrative Services estimates the need to create a new Energy Manager position to address the bill's provisions. This position would be responsible for compiling, preparing, overseeing and filing the report and proactively achieving the goals. DAS estimates the cost of power strips to be up to \$53,000 for the agency. If the currently utilized manual switch power strips are satisfactory, new power strips will not be needed. However, if automatically switched strips are required, the cost would be approximately \$53,000.

Since the bill's provisions will affect all state agencies and it is impractical to get input from all state agencies, the narrative of this fiscal note is intended to provide a sampling of estimates from some agencies. There are no dollars included in the table on page one because any figures would be incomplete and, therefore, misleading. The costs of implementing LB 369 would need to be addressed through the normal budget and deficit processes.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Cindy Miserez	DATE	1/28/11	PHONE	471-2526
COMMENTS					
ADMINISTRATIVE SERVICES: I have no basis to disagree with AS Building Division's statement. DEPARTMENT OF CORRECTIONAL SERVICES: I have no basis to disagree with Department of Correctional Services statement. NEBRASKA ENERGY OFFICE: I have no basis to disagree with NEO's statement. GAME AND PARKS COMMISSION: I have no basis to disagree with NGPC's estimate. DEPARTMENT OF HEALTH AND HUMAN SERVICES: I have no basis to disagree with DHHS's statement. UNIVERSITY OF NEBRASKA: I have no basis to disagree with University of NE's statement.					