



# HOUSE COMMITTEE ON APPROPRIATIONS

2008-09 Legislative Session

## FISCAL NOTE

**HOUSE BILL:** 687

**PRINTER'S NO:** 3902

**PRIME SPONSOR:** Dermody

<b>FISCAL IMPACT SUMMARY</b>	<b>FY 2008/09</b>	<b>FY 2009/10</b>
<b>Expenditure Increase/(Decrease):</b>		
General Fund	\$0	\$0

### OVERVIEW:

House Bill 687 amends the Guaranteed Energy Savings Contract as follows:

- Extends the maximum payback period on contracts for energy conservation improvements from 15 to 20 years from the date of final acceptance installation.
- Expands the definition of energy conservation measure to include a technology upgrade and includes programs, facility alterations or technology upgrades that reduce water, wastewater or other consumption or operating costs in addition to energy reductions.
- Adds water and sewer conservation measures; equipment upgrades that improve accuracy of billable revenue generating systems; automated, electronic or remotely controlled systems that reduce operating costs; and other energy, water or wastewater measures that may provide measurable, long-term operating cost reductions or billable revenue increases to the types of projects that qualify as energy conservation measures.
- A governmental unit may consider water or wastewater cost savings and revenue increases resulting from energy conservation measures in its cost savings calculation in addition to energy and operating costs savings.
- Provides that when determining operational savings, governmental units shall not consider savings resulting from reductions in the size of its workforce if the reductions are related to or generated by outsourcing or use of contract workers to perform tasks previously performed by employees of the governmental unit.
- Eliminates the requirement that the savings in any year must be guaranteed to the extent necessary to make payments under the contract during that year. Annual revenues or savings from the guaranteed energy savings contract may be less than annual payments, so long as during the length of the contract aggregate savings occur as provided for by the terms of the contract.

The bill was amended in the Senate to clarify guaranteed energy savings contract requiring payments over a period of time shall provide that, after the first year of the contract, the savings in every subsequent year are guaranteed to the extent necessary to make payments under the contract.

This legislation shall take effect in 60 days.

**ANALYSIS:**

Adoption of this legislation should have no adverse fiscal impact on Commonwealth funds. However, those government units that enter into guaranteed energy savings contracts beyond the current 15-year contact period may realize fewer savings due to increased debt service costs.

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**DATE:** June 23, 2010

**General Note and Disclaimer:** *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*