



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 1672

PRINTERS NO. 4255

PRIME SPONSOR: Miller

### COST / (SAVINGS)

FUND	FY 2014/15	FY 2015/16
General Fund	See Fiscal Impact	See Fiscal Impact

**SUMMARY:** House Bill 1672, Printer's Number 4255, establishes the State Agency Green Technology Implementation Act to provide for the testing of new, environmentally beneficial and energy efficient technologies in State agencies.

**ANALYSIS:** This bill establishes the State Agency Green Technology Implementation Act, which authorizes the Secretary of the Department of General Services (DGS) to allow a State agency to test a technology, product or process by using it in the agency's operations on a trial basis. This testing period shall be no less than 30 days and no more than 200 calendar days unless the testing agency determines the specific technology warrants a longer demonstration period.

The testing program shall be used to validate the effectiveness and feasibility of a technology in reducing energy usage and costs or promoting demand-side management. No State agency shall undertake any such testing unless the business entity manufacturing or marketing the product demonstrates that it is safe; sufficient research and development has occurred to warrant participation in the test program; and the technology has potential for commercialization no later than two years following completion of the test program.

The bill states that the Secretary may not authorize a State agency to test a technology unless the business entity benefiting from the field testing pays all of the associated costs and assumes all risks of liability associated with the testing. The product must also have been previously proven, as verified by an independent third party, to reduce energy consumption and energy costs or improve energy efficiency.

If the Secretary determines that the test program to be successful, the Secretary and the administrative head of the testing agency may procure the technology in accordance with Title 62 (relating to procurement). The acquisition of any technology for purposes of the test program shall not be deemed to be a purchase under the provisions of State procurement law; however, upon implementation of a technology after the testing period has expired, DGS may

make such purchases as are authorized under Title 62, and State agencies whose purchasing is not provided for by DGS are authorized to make such purchases under this bill.

If the Secretary determines that the test program does not demonstrate the technology to be successful, the Secretary may direct the business entity to remove the product and return the agency's facility back to its original status, at the cost of the business entity.

The testing of a technology, product or process at a state agency shall not be deemed an endorsement by the Commonwealth, and the Commonwealth may not be used in any marketing, advertisement or promotion related thereto. Any claim of Commonwealth endorsement will require the approval of the Secretary and the Governor.

This legislation would take effect in 60 days upon enactment.

**FISCAL IMPACT:** While initial expenses will be incurred to test and purchase any new energy efficient technologies, significant savings are expected if a Commonwealth agency implements such technologies by reducing operational and - in some cases - fixed asset costs. Long-term cost savings coming from a reduction in energy consumption and required maintenance would off-set the purchase of such equipment.

For example, DGS and the State agency testing the particular technology or process would incur some administrative costs maintaining records during the testing stage, but these are expected to be covered under existing operations.

Furthermore, the Commonwealth will not assume any costs related to the field testing or risks of liability associated with the testing; the bill requires all such costs be borne by the business entity benefiting from the field testing and potential sale of the technology.

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*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*