

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1672

PRINTER'S NO. 2428

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

September 3, 2013

PRIME SPONSOR

Representative R. Miller

DESCRIPTION AND PURPOSE OF BILL

House Bill 1672 establishes the State Agency Green Technology Implementation Act to allow the Secretary of General Services, with the approval of the Governor, to authorize a state agency to test a technology, product or process that promotes energy conservation, efficiency or demand-side management for the purpose of validating its effectiveness and feasibility.

The bill requires certain conditions be met before the Secretary authorizes the testing of a product as follows: the product must be demonstrated to be safe; sufficient research and development must have occurred to warrant its testing; it must have potential for commercialization within two (2) years; and, its use will not adversely affect performance or warranties of existing equipment or materials.

The bill requires the business entity benefiting from the testing of a product to do the following: pay all associated costs; assume all risks of liability, including indemnifying the Commonwealth for all claims; and, provide verification through certification by an independent nationally recognized testing or certification program that the product will produce energy savings as it claims.

The bill provides that if the Secretary determines the test product reduces energy usage and costs or promotes demand-side management, and the testing agency determines the product meets its requirements, the product may be procured in accordance with Title 61 (relating to procurement). It also provides that if the Secretary determines the test product to be ineffective, the business entity manufacturing or marketing the product is responsible for removing it and returning the agency's facility to its original condition at the cost of the business entity.

The bill specifies that testing of a product under this act shall not constitute approval or endorsement by the Commonwealth, nor shall the Commonwealth be used in marketing or advertisement of the product. In addition, any claim of endorsement by the Commonwealth without approval by the Secretary or the Governor shall result in the business entity's disqualification for further testing under the act.

The legislation will take effect in 60 days.

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FISCAL IMPACT:

The enactment of House Bill 1672 will have no adverse fiscal impact on Commonwealth funds as the business entities manufacturing or marketing the test products will assume all associated costs including liability with regard to testing.

Administrative costs incurred by the Department of General Services or other agencies related to testing a product should be minimal and can be accomplished within their annual operating budgets.

Testing of products that effectively reduce energy usage and utility costs by the Department of General Services and other state agencies may possibly lead to implementation of those products and long-term savings for the Commonwealth.