

**LEGISLATIVE EDUCATION STUDY COMMITTEE  
BILL ANALYSIS**

**Bill No:** HB 74

**49th Legislature, 1st Session, 2009**

**Short Title:** Gallup-McKinley Schools Energy Audit

**Sponsor(s):** Representative Patricia A. Lundstrom and Others

**Analyst:** James Ball

**Date:** February 3, 2009

---

**Bill Summary:**

HB 74 makes an appropriation to perform an energy audit of the Gallup-McKinley County Public Schools for the purpose of increasing energy efficiency and recommending design incentives and other energy-efficient measures.

**Fiscal Impact:**

\$75,000 is appropriated to the Energy, Minerals & Natural Resources Department (EMNRD) from the General Fund for FY 10.

Unexpended or unencumbered funds revert to the General Fund.

**Fiscal Issues:**

The Legislative Finance Committee Fiscal Impact Report for HB 74 notes that, according to the December 2008 revenue estimate, FY 10 recurring revenues will support only a base expenditure level that is \$293 million, or 2.6 percent, less than FY 09 appropriations. All appropriations outside of the *General Appropriation Act* will be viewed in this declining revenue context.

The Public Education Department (PED) states that the *Energy Efficiency and Renewable Energy Bonding Act* (EEREBA) is another avenue for the district to consider. The school district can apply for funds for the energy audit from the revolving Energy Efficiency Assessment Fund.

**Issues:**

According to PED, HB 74 duplicates the purposes of the EEREBA. In addition, local school districts can enter into guaranteed savings contracts with qualified providers for up to 10 years to finance, purchase, and install energy efficiency measures in their buildings through the *Public Building Energy Efficiency Act*.

**Background:**

According to EMNRD, in order to effectively evaluate and retrofit existing school buildings, investment-grade energy audits are necessary as a design tool to determine cost-effective energy efficiency measures that decrease energy consumption. Statewide, New Mexico's existing school buildings, including those in Gallup-McKinley County Public Schools, are significant users of electricity, natural gas, and propane and in great need of energy efficiency improvements. The energy audit would prepare the way for a following construction phase to

retrofit buildings using other capital funding. The completed project would reduce utility costs and help to control operational costs in future years.

The PED analysis also notes that Executive Order 2006-001, *State of New Mexico Energy Efficient Green Building Standards for State Buildings*, addresses the benefits of reducing utility bills through the energy-efficiency measures, leading to a more fiscally responsible state government, including public schools. The purpose of the order is to:

- improve the health of building occupants;
- reduce consumption of fossil fuels and the resulting greenhouse gas emissions;
- reduce resource waste and related operating costs; and
- promote sustainable and clean-energy economic development.

The executive order addresses four distinct building types:

- state-owned buildings;
- state-leased buildings;
- public school buildings; and
- private-sector commercial and residential buildings.

**Related Bill:**

HB 167 *Alternative Energy for Schools Grant Act*