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## FISCAL IMPACT REPORT

ORIGINAL DATE 3/9/09

SPONSOR Campos LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Encourage Energy-efficient Public Buildings SM 76

ANALYST Hoffmann

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB235 and SB348.

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

Senate Memorial 76 encourages New Mexico communities to plan and design energy-efficient public buildings.

The memorial cites the large taxpayer investment in public buildings, the total cost of ownership for public buildings where operations and maintenance are more than the initial investment, and the operating budget impact of inefficient public buildings that would make them unaffordable to New Mexico.

The memorial further cites Executive Order 2006-001 requiring the state to adopt specific energy efficient standards for all existing and new buildings financed with state funding, and the State Board of Finance's encouragement of environmental protection and sustainable development practices.

The memorial directs that copies be transmitted to the Governor, the State Board of Finance, and the city, town and county governments of the state.

## **FISCAL IMPLICATIONS**

Senate Memorial 76 makes no appropriations.

## **SIGNIFICANT ISSUES**

The following information from the Fiscal Impact Report on Senate Bill 235 underscores the benefits of energy-efficient public buildings.

This month, the Energy, Minerals and Natural Resources Department released a new report, “New Mexico Energy Efficiency Strategy: Policy Options, ” that outlined 25 policy options for meeting the Governor’s energy efficiency goal of reducing energy use in New Mexico by 20 percent by 2020. Energy efficiency measures are a cost effective strategy to reducing greenhouse gas (GHG) emissions. The report as prepared by the Southwest Energy Efficiency Project (SWEET). SWEET estimates that implementing all 25 options will reduce annual carbon dioxide emissions in New Mexico by 8.3 million metric tons in 2020. This is a significant reduction and represents about 10 percent of emissions predicted to be produced in the state under a business-as-usual scenario. The SWEET report recommends that the state prioritize a strategy to adopt energy efficiency standards for public colleges and universities and extend the requirements to state buildings; many of the entities that would be affected by the SFC substitute for Senate Bill 235. That strategy is estimated to cut energy costs in state government by \$9 million in 2020 and reduce GHG emissions by 66,000 metric tons annually (the equivalent of taking 12,000 passenger cars off the road).

EMNRD also notes that energy efficient design and construction is critical to mitigate the rising cost of energy. Water and other finite resources should also be preserved. All buildings that are built and operated using public funds should employ accepted green building practices to assure tax dollars are being used appropriately. In a presentation made to the State Board of Finance in September 2008, Peter Morris from the David Langdon firm notes that nationwide studies using a variety of valid methods indicate that sustainable design features can be incorporated into many buildings at little or no cost. He also highlights that New Mexico is very well positioned to incorporate low cost, innovative strategies into its projects due to its climate and natural resources. These include sun, wind, relatively low humidity, and the high temperature shift between daytime and night time. More data on this paper and presentation can be found at the Board of Finance offices.

## **RELATIONSHIP**

Senate Finance Committee Substitute for Senate Bill 235 establishes energy efficiency standards for new or renovated public buildings over 3,000 square feet financed through the Severance Tax Bonding Act.

Senate Memorial 76 is related to Senate Conservation Committee Substitute for Senate Bill 348, which amends Sections 6-23-2 and 6-23-3 NMSA 1978 by changing the payback for guaranteed utility savings contracts to the life of the equipment.

CH/mt