

**Representative Fred R Hunsaker** proposes the following substitute bill:

**STATE AGENCY ENERGY EFFICIENCY**

2008 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Fred R Hunsaker**

Senate Sponsor: Scott K. Jenkins

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**LONG TITLE**

**General Description:**

This bill enacts and amends provisions relating to state agency energy efficiency.

**Highlighted Provisions:**

This bill:

- ▶ requires the Legislature, subject to future budget constraints, to retain energy savings in a state agency's appropriation;
- ▶ creates a revolving loan fund to lend monies to state agencies to finance energy efficiency measures;
- ▶ establishes a sunset date for certain provisions of the bill; and
- ▶ makes technical corrections.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**63-55-263**, as last amended by Laws of Utah 2007, Chapters 216, 306, and 317

ENACTS:



26           **63A-5-602**, Utah Code Annotated 1953

27           **63A-5-603**, Utah Code Annotated 1953

28 RENUMBERS AND AMENDS:

29           **63A-5-601**, (Renumbered from 63-9-63, as last amended by Laws of Utah 2006,  
30 Chapter 278)

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32 *Be it enacted by the Legislature of the state of Utah:*

33           Section 1. Section **63-55-263** is amended to read:

34           **63-55-263. Repeal dates, Titles 63 to 63E.**

35           (1) Title 63, Chapter 25a, Part 3, Sentencing Commission, is repealed January 1, 2012.

36           (2) The Crime Victims' Reparations Board, created in Section 63-25a-404, is repealed  
37 July 1, 2017.

38           (3) The Resource Development Coordinating Committee, created in Section  
39 63-38d-501, is repealed July 1, 2015.

40           (4) Title 63, Chapter 38f, Part 4, Enterprise Zone Act, is repealed July 1, 2008.

41           (5) (a) Title 63, Chapter 38f, Part 11, Recycling Market Development Zone Act, is  
42 repealed July 1, 2010.

43           (b) Sections 59-7-610 and 59-10-1007 regarding tax credits for certain persons in  
44 recycling market development zones, are repealed for taxable years beginning on or after  
45 January 1, 2011.

46           (c) Notwithstanding Subsection (5)(b), a person may not claim a tax credit under  
47 Section 59-7-610 or 59-10-1007:

48           (i) for the purchase price of machinery or equipment described in Section 59-7-610 or  
49 59-10-1007, if the machinery or equipment is purchased on or after July 1, 2010; or

50           (ii) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), if  
51 the expenditure is made on or after July 1, 2010.

52           (d) Notwithstanding Subsections (5)(b) and (c), a person may carry forward a tax credit  
53 in accordance with Section 59-7-610 or 59-10-1007 if:

54           (i) the person is entitled to a tax credit under Section 59-7-610 or 59-10-1007; and

55           (ii) (A) for the purchase price of machinery or equipment described in Section  
56 59-7-610 or 59-10-1007, the machinery or equipment is purchased on or before June 30, 2010;

57 or

58 (B) for an expenditure described in Subsection 59-7-610(1)(b) or 59-10-1007(1)(b), the  
59 expenditure is made on or before June 30, 2010.

60 (6) Title 63, Chapter 47, Utah Commission for Women and Families, is repealed July  
61 1, 2011.

62 (7) Title 63, Chapter 75, Families, Agencies, and Communities Together for Children  
63 and Youth At Risk Act, is repealed July 1, 2016.

64 (8) Title 63, Chapter 88, Navajo Trust Fund, is repealed July 1, 2008.

65 (9) Title 63, Chapter 99, Utah Commission on Aging, is repealed July 1, 2009.

66 (10) Section 63A-4-204, authorizing the Risk Management Fund to provide coverage  
67 to any public school district that chooses to participate, is repealed July 1, 2016.

68 (11) Section 63A-5-603, State Facility Energy Efficiency Fund, is repealed July 1,  
69 2016.

70 ~~[(11)]~~ (12) Section 63C-8-106, Rural residency training program, is repealed July 1,  
71 2015.

72 Section 2. Section **63A-5-601**, which is renumbered from Section 63-9-63 is  
73 renumbered and amended to read:

74 **Part 6. Energy Conservation and Alternative Financing**

75 **~~[63-9-63].~~ 63A-5-601. Legislative findings and policy.**

76 (1) The Legislature finds the following:

77 (a) The operation of facilities owned and controlled by the state consumes significant  
78 amounts of energy.

79 (b) Facilities owned and controlled by the state present a significant opportunity for  
80 energy cost savings through the implementation of conservation measures.

81 (c) Principles which produce efficient facility management in the private sector are  
82 equally applicable to the management of public buildings and facilities.

83 (d) There exists, in the private sector, favorable alternative methods of financing  
84 energy conservation measures which are not readily adaptable to financing state facility energy  
85 efficiency improvements due to current budgetary practices.

86 (e) Maximization of energy conservation efforts in light of limited resources requires  
87 careful advance planning by responsible agencies.

88 (2) The Legislature declares that it is the policy of the state to:

89 (a) undertake aggressive programs designed to reduce energy use in state facilities in  
90 order to reduce the operating costs of state government and to set an example of energy  
91 efficiency for the public;

92 (b) utilize, to the greatest practical extent, alternative funding sources and methods of  
93 financing energy efficiency improvements in state facilities in a manner which minimizes the  
94 necessity for increased appropriations;

95 (c) employ private sector management incentive principles, to the extent practicable, to  
96 implement the policies in Subsections (2)(a) and (b);

97 (d) develop incentives to encourage state entities to conserve energy, reduce energy  
98 costs, and utilize renewable energy sources where practicable; and

99 (e) procure and use energy efficient products where practicable.

100 Section 3. Section **63A-5-602** is enacted to read:

101 **63A-5-602. Appropriation for energy efficiency measures.**

102 (1) For purposes of this part:

103 (a) "Energy efficiency measures" is as defined in Section 63-9-67.

104 (b) "Energy savings" means monies not expended by a state agency as the result of  
105 energy efficiency measures.

106 (c) "State agency" is as defined in Section 63-9-67.

107 (2) Except as provided under Subsection (4) and subject to future budget constraints,  
108 the Legislature may not remove energy savings from a state agency's appropriation.

109 (3) A state agency shall use energy savings to:

110 (a) fund the cost of the energy efficiency measures; and

111 (b) if funds are available after meeting the requirements of Subsection (3)(a), fund and  
112 implement new energy efficiency measures.

113 (4) The Legislature may remove energy savings if:

114 (a) a state agency has complied with Subsection (3)(a); and

115 (b) no cost effective new energy efficiency measure is available for implementation.

116 (5) A state agency may consult with the State Building Energy Efficiency Program  
117 manager in the Division of Facilities and Construction Management regarding:

118 (a) the cost effectiveness of energy efficiency measures; and

119 (b) ways to measure energy savings that take into account fluctuations in energy costs  
120 and temperature.

121 Section 4. Section **63A-5-603** is enacted to read:

122 **63A-5-603. State Facility Energy Efficiency Fund -- Contents -- Use of fund**  
123 **monies.**

124 (1) As used in this section:

125 (a) "Board" means the State Building Board.

126 (b) "Division" means the Division of Facilities Construction and Management.

127 (c) "Fund" means the State Facility Energy Efficiency Fund created by this section.

128 (2) There is created a revolving loan fund known as the "State Facility Energy  
129 Efficiency Fund."

130 (3) To capitalize the fund, the Division of Finance shall, at the end of fiscal year  
131 2007-08, transfer \$3,650,000 from the Stripper Well-Petroleum Violation Escrow Fund to the  
132 fund.

133 (4) The fund shall consist of:

134 (a) monies transferred under Subsection (3);

135 (b) monies appropriated by the Legislature;

136 (c) monies received for the repayment of loans made from the fund; and

137 (d) interest earned on the fund.

138 (5) The board shall make a loan from the fund to a state agency to, wholly or in part,  
139 finance energy efficiency measures.

140 (6) (a) (i) A state agency requesting a loan shall submit an application to the board in  
141 the form and containing the information that the board requires, including plans and  
142 specifications for the proposed energy efficiency measures.

143 (ii) A state agency may request a loan to fund all or part of the cost of energy efficiency  
144 measures.

145 (b) If the board rejects the application, the board shall notify the applicant stating the  
146 reasons for the rejection.

147 (7) (a) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,  
148 the board shall make rules establishing criteria to determine:

149 (i) loan eligibility;

150 (ii) energy efficiency measures priority; and  
151 (iii) ways to measure energy savings that take into account fluctuations in energy costs  
152 and temperature.

153 (b) In making rules that establish prioritization criteria for energy efficiency measures,  
154 the board may consider:

- 155 (i) possible additional sources of revenue;
- 156 (ii) the feasibility and practicality of the energy efficiency measures;
- 157 (iii) the energy savings attributable to eligible energy efficiency measures;
- 158 (iv) the annual energy savings;
- 159 (v) the projected energy cost payback of eligible energy efficiency measures;
- 160 (vi) other benefits to the state attributable to eligible energy efficiency measures;
- 161 (vii) the availability of federal funds for the energy efficiency measures; and
- 162 (viii) whether to require a state agency to provide matching funds for the energy  
163 efficiency measures.

164 (8) (a) In reviewing energy efficiency measures for possible funding, the board shall:

- 165 (i) review the loan application and the plans and specifications for the energy  
166 efficiency measures;
- 167 (ii) determine whether to grant the loan by applying the loan eligibility criteria; and
- 168 (iii) if the loan is granted, prioritize funding of the energy efficiency measures by  
169 applying the prioritization criteria.

170 (b) The board may condition approval of a loan application and the availability of  
171 funds on assurances from the state agency that the board considers necessary to ensure that the  
172 state agency:

- 173 (i) uses the proceeds to pay the cost of the energy efficiency measures; and
- 174 (ii) implements the energy efficiency measures.

175 (9) The State Building Energy Efficiency Program shall provide staff support when the  
176 board performs the duties established in this section.

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**H.B. 198 1st Sub. (Buff) - State Agency Energy Efficiency**

**Fiscal Note**

2008 General Session  
State of Utah

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**State Impact**

This bill would direct the Division of Finance to transfer \$3,650,000 from the Stripper Well - Petroleum Violation Escrow Account to capitalize the State Facility Energy Efficiency Revolving Loan Fund at the end of FY 2008.

	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2010</u> <u>Approp.</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>	<u>FY 2010</u> <u>Revenue</u>
Restricted Funds	\$0	\$0	\$0	\$0	\$3,650,000	\$0
Oil Overcharge	\$0	\$0	\$0	\$0	(\$3,650,000)	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**Individual, Business and/or Local Impact**

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.

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