

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5935-04
Bill No.: HCS for HB 1809
Subject: Construction and Building Codes; Fire Protection; Energy; County Government
Type: Original
Date: April 12, 2012

Bill Summary: This proposal changes provisions relating to authorized building codes and requires state facilities and school districts to use environmentally-sensitive cleaning supplies when feasible.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(\$449,592)	(\$489,327)	(\$491,731)
Total Estimated Net Effect on General Revenue Fund	(\$449,592)	(\$489,327)	(\$491,731)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Energy Audit Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

*Offsetting Transfers In and Disbursements

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	3	3	3
Total Estimated Net Effect on FTE	3	3	3

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations, Department of Natural Resources, Department of Health and Senior Services, Joint Committee on Administrative Rules, and Department of Public Safety - Division of Fire Safety** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Section 160.2150

Officials from the **Department of Elementary and Secondary Education (DESE)** provided the following assumptions regarding this proposed legislation:

Per the 2010-2011 Missouri School Directory, the number of school buildings is tabulated below:

High Schools	608
Jr. High Schools	57
Middle Schools	285
Elementary Schools	<u>1,241</u>
	2,191

ASSUMPTIONS (continued)

This proposal would require 20% of elementary schools and high schools in the state to have a professional energy audit each year with OA to determine which schools are to perform the audits for a particular year. The state is to reimburse each school up to \$600 for the audit.

For purposes of calculating a fiscal impact, DESE is including the junior high schools and middle schools in the total number of buildings. If it is determined that the junior high schools and middle schools should not be considered in the total number of buildings, then the overall cost would be less than presented here.

2,191 buildings x 20% = 438.2 buildings to receive energy audits each year

438 audits x \$600 = \$262,800 yearly energy audit reimbursements

The proposal further indicates that years in which schools do not have a professional audit, the school shall conduct a self-audit. DESE cannot estimate the cost of a professional energy audit; nor can it estimate the cost of a self-audit. Should such audit costs exceed the \$600 provided as a reimbursement from the state, the school districts will incur additional costs.

In response to a similar proposal, HB 1879, officials from the **Office of Administration - Division of Facilities Management, Design and Construction (FMDC)** stated that additional staff will be needed to monitor the audits and to compile the data. FMDC will need two Energy FTE and one Accounting FTE.

In response to a similar proposal, HB 1879, officials from the **Mexico School District No. 59** stated that although a specific amount of fiscal impact cannot be determined at this point in time, it will cause extra work and additional costs to monitor energy output, conduct energy audits and report those results to the State Office of Administration.

In response to a similar proposal, HB 1879, officials from the **Parkway School District** stated that in any given year it is unknown whether any of their schools would be selected for an audit, however the cost can range from a simple walk through (at \$0.03 - 0.05 per square foot -- approximately \$2,300 for an elementary or \$8,700 for a high school) to a more thorough investment grade audit at \$0.10 - 0.20 per square foot -- approximately \$12,000 for an elementary or \$45,000 for a high school.

Parkway has 18 elementary schools and 4 comprehensive high schools.

ASSUMPTIONS (continued)

Oversight assumes the cost of energy audits will exceed the \$600 per school reimbursement provided for in this proposal.

Section 161.365

Officials from the **Department of Elementary and Secondary Education (DESE)** state their agency will incur costs to provide forms, to provide each district with a printed copy of the guidelines and specifications, and to provide multiple avenues by which cleaning products may be determined to be environmentally-sensitive; however, DESE does not expect these costs to be significant.

Those school districts which determine that a green cleaning policy is not economically feasible will likely incur costs to provide annual written notification to DESE. School districts will likely incur costs to disseminate the guidelines and specifications to every school in the district. DESE defers to the local districts, but does not expect these costs to be significant.

Oversight assumes minimal administrative costs can be absorbed by DESE.

Officials from the **Mexico School District No. 59** state that the proposal could cost their district hundreds if not thousands of dollars per year to choose green products over lower cost cleaning supplies. The district states that it is hard to put an exact number on the fiscal impact at this time.

Oversight assumes the proposal states that adopting a green cleaning policy is not economically feasible if such adoption would result in an increase in the cleaning costs. Oversight also assumes that the green cleaning policy would not be adopted in the cases in which its not economically feasible, which in turn would not fiscally impact state or local governments.

Officials from the **Blue Springs Public Schools, Branson Public Schools, Columbia Public Schools, Fair Grove Schools, Francis Howell Public Schools, Independence Public Schools, Jefferson City Public Schools, Kansas City Public School Board, Kirksville Public Schools, Lee Summit Public Schools, Mehlville Public Schools, Nixa Public Schools, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, and Sullivan Public Schools** did not respond to Oversight's request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Cost - Office of Administration</u>			
Personal Services (3 FTE)	(\$117,230)	(\$142,083)	(\$143,504)
Fringe Benefits	(\$62,062)	(\$75,219)	(\$75,971)
Equipment and Expense	<u>(\$7,500)</u>	<u>(\$9,225)</u>	<u>(\$9,456)</u>
Total OA-FMDC Cost	(\$186,792)	(\$226,527)	(\$228,931)
<u>Cost - Energy Audit Reimbursements</u>	<u>(\$262,800)</u>	<u>(\$262,800)</u>	<u>(\$262,800)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$449,592)	(\$489,327)	(\$491,731)
ESTIMATED NET EFFECT ON GENERAL REVENUE FTE	3 FTE	3 FTE	3 FTE
ENERGY AUDIT FUND			
<u>Transfer In - General Revenue</u>	\$262,800	\$262,800	\$262,800
<u>Disbursements - Schools - Energy audit expenses</u>	<u>(\$262,800)</u>	<u>(\$262,800)</u>	<u>(\$262,800)</u>
ESTIMATED NET EFFECT ON ENERGY AUDIT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
LOCAL POLITICAL SUBDIVISIONS			
<u>Reimbursements - Schools - Energy audit expenses</u>	\$262,800	\$262,800	\$262,800
<u>Cost - Schools - Energy audits</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal makes changes relating to incorporation of building codes and cleaning supplies for state buildings.

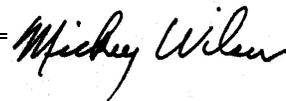
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Health and Senior Services
Office of the Secretary of State
Joint Committee on Administrative Rules
Department of Elementary and Secondary Education
Department of Natural Resources
Department of Labor and Industrial Relations
Department of Public Safety
Parkway School District
Mexico School District No. 59

NOT RESPONDING

Numerous School Districts



Mickey Wilson, CPA
Director
April 12, 2012