INTRODUCED BY ________________________________________________________________
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE DEVELOPMENT OF HIGH-PERFORMANCE BUILDING STANDARDS AND CREATING THE HIGH-PERFORMANCE COMPLIANCE PROGRAM FOR EXISTING BUILDINGS WITHIN STATE AGENCIES AND THE MONTANA UNIVERSITY SYSTEM; PROVIDING FOR TRANSFER OF UTILITY FUNDS; GRANTING RULEMAKING AUTHORITY; PROVIDING FOR A STATE SPECIAL REVENUE ACCOUNT; PROVIDING A STATUTORY APPROPRIATION; AND AMENDING SECTION 17-7-502, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. High-performance compliance program for operations and maintenance of existing buildings -- rulemaking authority. (1) The department of administration, in collaboration with the Montana university system and other state agencies, shall develop and adopt by rule high-performance building standards of operation and maintenance for existing buildings. In developing these standards, the department of administration shall consider:

(a) integrated design principles to optimize energy performance, enhance indoor environmental quality, and conserve natural resources;

(b) cost-effectiveness, including productivity, deferred maintenance, and operational considerations; and

(c) building functionality, durability, and maintenance.

(2) When economically justified, state agencies may elect to improve the cost-effectiveness of existing buildings by participating in the high-performance compliance program for operations and maintenance of existing buildings established by the department of administration under this section.

NEW SECTION. Section 2. Transfer of budgeted utility funds -- special revenue account -- university plant subfunds. (1) For each fiscal year, each agency participating in the high-performance compliance program for operations and maintenance of existing buildings created in [section 1] may transfer to the special revenue account established in subsection (2) any amount remaining in the budgeted utility fund of the agency. Only state funds may be transferred.
HB 464- State Admin 2/16/15

"AN ACT PROVIDING FOR THE DEVELOPMENT OF HIGH-PERFORMANCE BUILDING STANDARDS AND CREATING THE HIGH-PERFORMANCE COMPLIANCE PROGRAM FOR EXISTING BUILDINGS WITHIN STATE AGENCIES AND THE MONTANA UNIVERSITY SYSTEM; PROVIDING FOR TRANSFER OF UTILITY FUNDS"

**Jist:** Similar to SB 49 passed in 2009, this bill is intended to motivate state agencies to minimize utility costs by opting in to energy efficient upgrades. This bill, however, addresses basic operations and maintenance costs, unlike SB 49 which focused on larger renovations and new state buildings. Monetary savings due to such upgrades would be placed in a separate agency account to be used for further energy efficient upgrades. This will reduce government waste with *no increased cost to the taxpayer.*

**Impact**
- This bill creates an **incentive for state agencies to reduce their utility costs**, and it provides them with a means to enhance and accelerate these cost-saving measures. Nothing in this bill would require significant investment by the state, nor does it mandate agency participation in the high performance certification program created. This is simply one option for reducing wasteful public sector spending, and it will create another financing option for agencies looking to invest in efficiency projects.
- *This bill effectively incentivizes the reduction of spending over time by removing utility budgets from the “if you don’t spend you lose it” paradigm.*

**Retro Commissioning Project**
- **Cost:** $33,000
- **Monthly Cost before:** $3,500
- **Monthly Cost after:** $1,800
- **Monthly Savings:** $1,700, **48% reduction**
- **Annual Savings:** $20,400
- **Simple Payback:** 1.6 years
Background
Each biennium, the State of Montana invests a significant amount of money in utility budgets for state agencies. Much of that money is spent on utilities in buildings that are old and energy-inefficient. Despite significant opportunities for cost-saving measures to be taken by state agencies, public budgeting encourages the full expenditure of allocated utility funds so that they are not lost in the next biennium. In an effort to save dollars inefficiently allocated to utilities in existing state buildings, this bill provides incentives for state agencies to reduce their utility consumption and invest in energy efficiency projects in existing buildings.

Content
There are two main components to this bill.
- Creation of a high performance building standard (HPBS) for existing state buildings.
  - Such a standard is in the process of adoption for new building projects.
  - Standard will be created by a working group of state agencies and the Montana University System.
  - Agencies opting into the HPBS will create an operational plan to cut their energy consumption and measure energy savings. This plan and savings will be certified by the DOA & DEQ.
  - Agencies may opt in to this program for individual buildings if they deem it economically viable. This is not a mandate.
- Creation of special revenue accounts
  - For agencies participating in the certification program, separate accounts will be created into which utility savings may be transferred.
  - Funds in these separate accounts will specifically allocated towards future utility saving projects.
  - This will allow for accelerated deferred maintenance investments, thereby improving building efficiency and comfort at a greater pace.
  - This serves as an incentive for state agencies to reduce utility spending because savings are no longer lost to the general fund.

Please vote yes for HB 464 for more effective use of taxpayer dollars and more efficient government spending.
(2) The architecture and engineering division of the department of administration shall establish a special revenue account to receive transfers made pursuant to subsection (1). Money in the account is statutorily appropriated, as provided in 17-7-502, to the department for the purposes of this part. All interest and income earned on money in the account must be deposited into the account.

(3) The division shall administer the special revenue account established in subsection (2) to the credit of each participating agency for the purposes of subsection (4).

(4) For each fiscal year, the Montana university system may establish a subfund of the plant fund provided for in 17-2-102(4) to receive the transfer made pursuant to subsection (1).

(5) The money in the special revenue account and in any university plant subfunds created pursuant to subsection (4) is designated for the purpose of financing high-performance operations and maintenance compliance and achieving utility cost reductions.

Section 3. Section 17-7-502, MCA, is amended to read:

“17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

NEW SECTION. Section 4. Codification instruction. [Sections 1 and 2] are intended to be codified as an integral part of Title 17, chapter 7, part 2, and the provisions of Title 17, chapter 7, part 2, apply to [sections 1 and 2].