

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE DEVELOPMENT OF HIGH-PERFORMANCE
5 BUILDING STANDARDS AND CREATING THE HIGH-PERFORMANCE COMPLIANCE PROGRAM FOR
6 EXISTING BUILDINGS WITHIN STATE AGENCIES AND THE MONTANA UNIVERSITY SYSTEM; PROVIDING
7 FOR TRANSFER OF UTILITY FUNDS; GRANTING RULEMAKING AUTHORITY; PROVIDING FOR A STATE
8 SPECIAL REVENUE ACCOUNT; PROVIDING A STATUTORY APPROPRIATION; AND AMENDING SECTION
9 17-7-502, MCA."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12
13 **NEW SECTION. Section 1. High-performance compliance program for operations and**
14 **maintenance of existing buildings -- rulemaking authority.** (1) The department of administration, in
15 collaboration with the Montana university system and other state agencies, shall develop and adopt by rule
16 high-performance building standards of operation and maintenance for existing buildings. In developing these
17 standards, the department of administration shall consider:

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

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

21 (c) building functionality, durability, and maintenance.

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

25
26 **NEW SECTION. Section 2. Transfer of budgeted utility funds -- special revenue account --**
27 **university plant subfunds.** (1) For each fiscal year, each agency participating in the high-performance
28 compliance program for operations and maintenance of existing buildings created in [section 1] may transfer to
29 the special revenue account established in subsection (2) any amount remaining in the budgeted utility fund of
30 the agency. Only state funds may be transferred.



Smart Buildings Initiative – Rep. Zach Brown (HD 63)

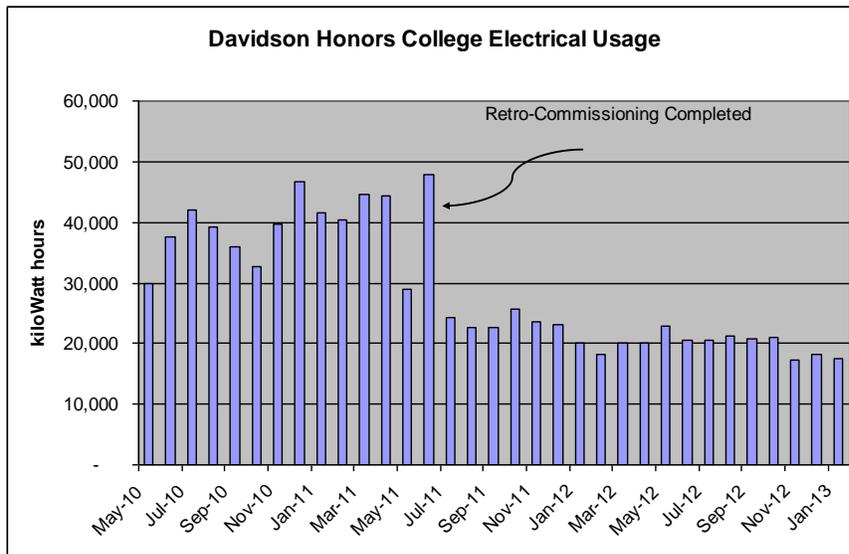
HB 464- State Admin 2/16/15

"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.**

1 (2) The architecture and engineering division of the department of administration shall establish a special
 2 revenue account to receive transfers made pursuant to subsection (1). Money in the account is statutorily
 3 appropriated, as provided in 17-7-502, to the department for the purposes of this part. All interest and income
 4 earned on money in the account must be deposited into the account.

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

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

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

12

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

14 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
 15 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the
 16 need for a biennial legislative appropriation or budget amendment.

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

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

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

22 (3) The following laws are the only laws containing statutory appropriations: 2-15-247; 2-17-105;
 23 5-11-120; 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310;
 24 10-3-312; 10-3-314; 10-4-301; 15-1-121; 15-1-218; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121;
 25 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241; 17-6-101;
 26 [section 2]; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305;
 27 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-1-327; 22-3-1004;
 28 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-51-501; 39-1-105;
 29 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-12-206; 44-13-102; 53-1-109; 53-1-215; 53-2-208; 53-9-113;
 30 53-24-108; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150;

1 76-13-416; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 81-1-112; 81-7-106; 81-10-103; 82-11-161;
2 85-20-1504; 85-20-1505; 87-1-603; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and 90-9-306.

3 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
4 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
5 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
6 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
7 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
8 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion
9 of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded
10 liability is 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and
11 sec. 2, Ch. 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 73, Ch. 44, L.
12 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under
13 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 14, Ch. 374, L. 2009, the
14 inclusion of 53-9-113 terminates June 30, 2015; pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331
15 terminates June 30, 2019; pursuant to sec. 16, Ch. 58, L. 2011, the inclusion of 30-10-1004 terminates June 30,
16 2017; pursuant to sec. 6, Ch. 61, L. 2011, the inclusion of 76-13-416 terminates June 30, 2019; pursuant to sec.
17 13, Ch. 339, L. 2011, the inclusion of 81-1-112 and 81-7-106 terminates June 30, 2017; pursuant to sec. 11(2),
18 Ch. 17, L. 2013, the inclusion of 17-3-112 terminates on occurrence of contingency; pursuant to secs. 3 and 5,
19 Ch. 244, L. 2013, the inclusion of 22-1-327 is effective July 1, 2015, and terminates July 1, 2017; and pursuant
20 to sec. 10, Ch. 413, L. 2013, the inclusion of 2-15-247, 39-1-105, 53-1-215, and 53-2-208 terminates June 30,
21 2015.)"

22
23 **NEW SECTION. Section 4. Codification instruction.** [Sections 1 and 2] are intended to be codified
24 as an integral part of Title 17, chapter 7, part 2, and the provisions of Title 17, chapter 7, part 2, apply to [sections
25 1 and 2].

26 - END -