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LB 977

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB977 would provide that, beginning January 1, 2011, each new state building greater than 5,000 gross square feet and each renovation of a state building greater than 5,000 gross square feet for which the cost of renovation exceeds 50% of the value of the building is to achieve LEED (Leadership in Energy and Environmental Design) silver-level certification. LEED represents a building certification system developed by the U.S. Green Building Council (USGBC). Designed to be initiated during the project development and planning phase, the LEED certification process employs third party review of design elements of a project. Projects are scored on a 100 point (plus 10 bonus points) scale for purposes of awarding varying levels of LEED certification (Certified = 40+, Silver = 50+, Gold = 60+, Platinum = 80+). Building owners, through project planning professionals, attempt to incorporate design elements in project plans so as to be awarded points in five general areas. These include: sustainable sites [26 points] (i.e. site selection, accommodation of alternative transportation, restoration of habitat, maximization of open space, storm water design, heat island effect, light pollution reduction); water efficiency [10 points] (i.e. water efficient landscaping, wastewater technologies, water use reduction); energy and atmosphere [35 points] (i.e. energy performance, on-site use of renewable energy, refrigerant management, measurement and verification of energy consumption); materials and resources [14 points] (i.e. storage and collection of recyclables by building occupants; reuse of existing building elements for renovations; construction waste management; use of salvaged, refurbished or reused materials; use of building products with recycled material content; use of regional materials); and indoor environmental quality [15 points] (i.e. outdoor air delivery monitoring, increased ventilation, use of low-emitting materials, controllability of lighting and thermal comfort systems). Additional bonus points may be assigned for innovation and design (up to 6 points) and regional priorities (up to 4 points).

In general terms, state agencies submitting fiscal note responses with respect to LB977 identify prospects for increased costs for capital projects as an impact of LB977 should it be enacted. Related cost increases are estimated to result from heightened planning, design and documentation requirements that would be associated with the process of achieving LEED certification for capital projects that would be required by the bill. For example, the University of Nebraska estimates the LEED certification process to add approximately 1% to the cost of each applicable new building and renovation project. The Nebraska State College System (NSCS) estimates professional fees for related project planning to increase 7% if LEED certification were required for capital projects to be undertaken. Assuming professional fees would represent a range of 10% to 15% of total capital project costs, the NSCS estimate would translate to estimated total project cost increases ranging from about 0.75% to 1%. The Department of Roads estimates an increase of 1% to 5% for capital facilities project costs in cases where the LEED certification requirement would be applicable. Given the project size threshold contained in LB977 (5,000 gross square feet), the Game and Parks Commission estimates the provisions of LB977 would have limited applicability to the agency.

To the extent that the LB977 LEED certification requirement would result in increased planning and design costs for capital projects, such increases would result in increased total project costs, a necessity to reduce the overall scope of such projects to accommodate increased planning and design costs, or some combination thereof. Means selected to accommodate such costs would apparently be dependent upon agency priorities and availability of financing sources for planned facilities projects. Capital projects planned and designed to achieve LEED silver certification as required by the bill may result in facility operating costs, over time, that compare favorably with such costs had the project not been designed to achieve such certification. Apparently, such would primarily be the case to the extent LEED silver certification were to result in more efficient facilities in terms of energy and water consumption as well as use of construction materials and building components with more favorable life cycle costs. However, it is not possible to identify what building design efficiencies might result under a LEED silver certification requirement versus building design efficiencies that otherwise may be incorporated in facilities planning without such a requirement. In addition, only a portion of points awarded under the LEED certification process relate to design elements which have implications with respect to direct costs associated with building operations. Any identification of savings that may accrue as the result of LB977 in terms of facility operating costs over time is indeterminate.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS

NEBRASKA STATE COLLEGE SYSTEM: I have no basis to dispute Nebraska State College System estimate. No actual figures or estimates provided by fiscal year.