

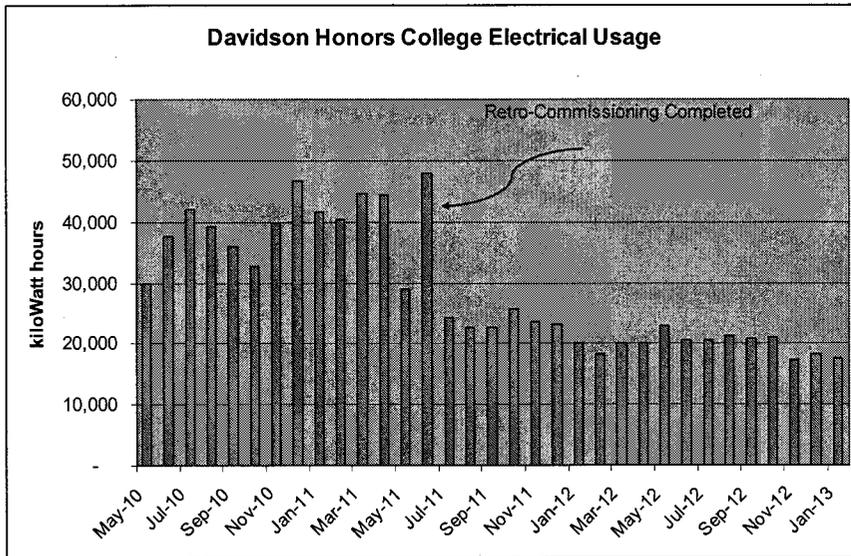
**Smart Buildings Initiative  
 HB 538- State Admin 2/22**

"An Act creating a compliance program for operations and maintenance; providing high performance standards for existing buildings for operations and maintenance; providing for compliance of high-performance standards for operations and maintenance in existing buildings; providing for calculation of utility cost savings; providing for transfer of unspent budgeted 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 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 538 for more effective use of taxpayer dollars  
and more efficient government spending.**