

HF831 - 0 - Energy Code Adoption, New Commercial Buildings

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 Committee: **Labor, Industry, Veterans and Military Affairs Finance and Policy**
 Date Completed: **2/19/2021 1:27:34 PM**
 Agency: **Labor and Industry Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
Construction Code	-	-	146	-	-	-
Total	-	-	146	-	-	-
Biennial Total			146			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Construction Code	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Construction Code	-	-	146	-	-
Total	-	-	146	-	-
Biennial Total			146		
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Construction Code	-	-	146	-	-
Total	-	-	146	-	-
Biennial Total			146		
2 - Revenues, Transfers In*					
Construction Code	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		

Bill Description

Beginning in 2022, the commissioner of Labor & Industry (DLI) shall act on the new model commercial energy code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard and amending as necessary to achieve a minimum of eight percent energy efficiency with each edition.

The amendments must achieve a net zero energy standard for new commercial buildings by 2036 and thereafter.

Assumptions

New commercial energy codes such as ASHRAE 90.1 are published every three years.

The next ASHRAE 90.1 Standard will be published in 2022.

In order to achieve a net zero energy standard by 2036, the department will be required to adopt five published editions of ASHRAE 90.1 that would be adopted through the State’s Administrative Procedures Act (APA): 2022, 2025, 2028, 2031, & 2034. Per the Minnesota rulemaking manual, DLI estimates a small rule costing \$46,305 in each year listed above.

The department will need to ensure that each adopted edition of ASHRAE 90.1 will achieve a minimum of eight percent energy efficiency over the previous edition. As individual editions of ASHRAE 90.1 may not achieve this eight percent, the department may need to include an additional percentage modifier during the adoption process.

Due to the complexity of the subject matter that the department does not possess, the department will need to hire a consultant to assist in conducting a market capacity analysis and cost analysis, both required in order to complete the adoption process in accordance with the APA. DLI estimates the cost of the consultant to be \$100,000 in each year listed above.

Expenditure and/or Revenue Formula

Cumulative Costs	2022	2023	2024	2025
Rulemaking	\$0	\$46,305	\$0	\$0
Consultant	\$0	\$100,000	\$0	\$0

Total	\$0	\$146,305	\$0	\$0

Long-Term Fiscal Considerations

\$146,305 every three years beginning in fiscal year 2023 through 2035 to fund rulemaking costs and market and cost analysis to determine necessary energy efficiency performance requirements.

Local Fiscal Impact

References/Sources

Improving building energy efficiency in commercial and multi-family construction

<https://dli.mn.gov/about-department/boards-and-councils/building-efficiency-workgroup>

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MN Rulemaking Manual

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