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FISCAL IMPACT STATEMENT

LS 6535

BILL NUMBER: SB 314

NOTE PREPARED: Dec 17, 2010

BILL AMENDED:

SUBJECT: Guaranteed Energy Saving Contracts.

FIRST AUTHOR: Sen. Head

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill provides that stipulated savings at the beginning of a guaranteed energy savings (GES) contract may not be used in determining whether the guaranteed savings are achieved for purposes of calculating guarantee payments by the contractor at the end of the contract. The bill provides that savings in costs for replacing equipment that would have otherwise had to be replaced during the contract may not be considered savings in determining whether the guaranteed savings are achieved.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary-* If stipulated savings could not be used, the bill may reduce the number of future GES contracts entered into between eligible local units and contractors. [Contracts entered into already under current law would not be affected by this provision.]

Background- The following entities are allowed to enter into a GES contract under current law:

- (1) School corporations,
- (2) Libraries, and
- (3) Other political subdivisions.

Stipulated savings may currently be used for conservation measures from the following:

- (1) HVAC,
- (2) Lighting,
- (3) Roofing,
- (4) Windows,
- (5) Water conservation,
- (6) Fuel/Power improvements,
- (7) Wastewater generation, and
- (8) Billable revenue increases.

As of December 2010, a total of 354 GES contracts have been entered into since the inception of the program. Of the total, 212 are active contracts.

Explanation of Local Revenues:

State Agencies Affected: Lieutenant Governor (Office of Energy Development).

Local Agencies Affected: School corporations, libraries, other political subdivisions.

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