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SB 20-159

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 18, 2020)

Drafting Number: LLS 20-0920
Prime Sponsors: Sen. Hansen

Date: March 11, 2020
Bill Status: Senate Appropriations
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Bill Topic: **GLOBAL WARMING POTENTIAL FOR PUBLIC PROJECT MATERIALS**

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill requires the Department of Personnel and Administration to establish a maximum acceptable global warming potential for certain materials used in public projects. It increases state expenditures beginning in FY 2020-21.

Appropriation Summary: For FY 2020-21, the bill requires a \$37,676 appropriation to the Department of Personnel and Administration.

Fiscal Note Status: This revised fiscal note reflects the introduced bill, as amended by Senate Transportation and Energy

**Table 1
State Fiscal Impacts Under SB 20-159**

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	General Fund	\$37,676	\$75,272
	Centrally Appropriated	\$6,879	\$16,918
	Total	\$44,555	\$92,190
	Total FTE	0.4 FTE	1.0 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

No later than January 1, 2022, this bill requires that the Office of the State Architect (the office) in the Department of Personnel and Administration (DPA) adopt a policy establishing a maximum acceptable global warming potential for eligible materials used in public capital construction projects. Eligible materials are carbon steel rebar, flat glass, mineral wool board insulation, structural steel, concrete, and cement. The maximum acceptable global warming potential must be set at the industry average, to be determined by consulting nationally or internationally recognized databases of environmental product declarations.

The bill requires the DPA to submit a report to the General Assembly by January 1, 2022, describing the method used to develop the required policy. Beginning January 1, 2024, and every four years thereafter, DPA must review previous standards and may adjust the maximum acceptable global warming potential downward. DPA must also submit a report to the General Assembly by January 1, 2023, regarding any obstacles to implementation, and the effectiveness of the bill in reducing global warming potential.

The bill also requires state agencies that invite bids for a public project to require contractors to submit an environmental product declaration for each eligible material proposed in the project, and prohibits contractors from installing any eligible materials until such declaration is submitted. The global warming potential for proposed construction materials may not exceed the maximum potential-set by DPA, though an agency may require a lower potential in an invitation for bids.

Finally, the bill allows the office or a state agency to waive the bill's requirements if a product is not priced or available on a reasonable basis at the time of design or construction.

State Expenditures

The bill increases General Fund expenditures by \$44,555 and 0.4 FTE in FY 2020-21, and by \$92,190 and 1.0 FTE in FY 2021-22 for the DPA. Costs are shown in Table 2 and explained below.

Table 2
Expenditures Under SB 20-159

	FY 2020-21	FY 2021-22
Department of Personnel and Administration		
Personal Services	\$30,801	\$73,922
Operating Expenses	\$675	\$1,350
Capital Outlay Costs	\$6,200	
Centrally Appropriated Costs*	\$6,879	\$16,918
Total Cost	\$44,555	\$109,108
Total FTE	0.4 FTE	1.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Personnel and Administration. The bill requires the DPA to employ an engineer to identify and determine eligible material standards, establish policies, prepare reports, review and revise standards for eligible construction materials, and to evaluate and make decisions on waiver requests. Because the DPA was not required to set a policy until January 1, 2022, first year costs have been prorated to reflect a hiring date of January 1, 2021.

Other state agencies. The bill may increase future costs for public projects, if materials that do not exceed the maximum acceptable global warming potential are more costly to obtain than other available materials.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$6,879 in FY 2020-21 and \$16,918 in FY 2021-22.

Departmental Difference

The DPA estimates that the bill will have annual travel costs of \$25,000 to administer training to state agencies and institutions of higher education and to verify compliance with the requirements in public projects. However, because the bill does not grant the DPA with enforcement authority, and because the department already conducts annual training for state agencies and institutions of higher education, the fiscal note does not include these costs.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2020-21, the Department of Personnel and Administration requires a General Fund appropriation of \$37,676 and 0.4 FTE.

State and Local Government Contacts

All State Agencies