## NORTH CAROLINA GENERAL ASSEMBLY

## LEGISLATIVE FISCAL NOTE

**BILL NUMBER**: SB 56 (Senate Finance Committee Substitute) Sunset/Term of Energy

**Saving Contracts** 

**SHORT TITLE**: Sunset/Term of Energy Saving Contracts

**SPONSOR(S)**: Senator Lee

## FISCAL IMPACT

Yes ( ) No ( ) No Estimate Available (X)

FY 1999-00 FY 2000-01 FY 2001-02 FY 2002-03 FY 2003-04

REVENUES see ASSUMPTIONS AND METHODOLOGY

**EXPENDITURES** see ASSUMPTIONS AND METHODOLOGY

PRINCIPAL DEPARTMENT(S) & Department of State Treasurer – Local Government Commission; City and County local governmental units

**EFFECTIVE DATE**: Sections 1 to 3 (increase term of contract and make stylistic changes) become effective July 1, 1999. Section 4 (repeal sunset) is effective upon ratification.

**BILL SUMMARY**: Senate Bill 56 repeals the sunset for local governments entering into energy savings contracts on or after July 1, 1999. In addition, the bill increases the maximum term of guaranteed energy savings contracts from 8 years to two-thirds of the anticipated remaining useful life of the facility or 25 years, whichever is less.

ASSUMPTIONS AND METHODOLOGY: The State Treasurer's Director of State and Local Government Finance believes the bill will continue to provide local governments with an opportunity to save money through energy conservation efforts, but the savings cannot be quantified. Section 1 of the bill expands the definition of energy conservation measures to include services related to the operation of the building. This will permit local governments to finance facility services, an item currently not allowed in installment debt financing. The Local Government Commission will work with local governmental units to review the appropriateness of using guaranteed energy savings contracts.

FISCAL RESEARCH DIVISION 733-4910

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**DATE**: Wednesday, April 14, 1999

Official
Fiscal Research Division
Publication

Signed Copy Located in the NCGA Principal Clerk's Offices