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## FISCAL IMPACT REPORT

SPONSOR Campos ORIGINAL DATE 03/08/19  
 LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Update NM Conservation Code SM 86

ANALYST Hanika-Ortiz

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		Minimal			Nonrecurring	Various

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Memorial

Senate Memorial 86 (SM86) encourages state agencies to support updating the New Mexico Energy Conservation Code.

SM86 resolves the following:

- the federal Energy Conservation and Production Act requires that states review new building codes for possible adoption after the United States department of energy has certified the energy savings benefits;
- New Mexico's current energy conservation code, enacted in 2009, does not meet the current national standard and is not in compliance with this requirement, since the United States department of energy (DOE) certified that the 2012 edition of the international energy conservation code achieved greater energy savings when it published a notice of determination on May 17, 2012;
- the Energy Conservation and Management Division (ECMD) of the Energy, Minerals and Natural Resources Department (EMNRD) provides technical assistance and training under the United States DOE state energy conservation program to the Construction Industries Division (CID) of the Regulation and Licensing Department (RLD) for inspectors, builders, architects, engineers and new homeowners on compliance with new building codes;
- the United States DOE no longer supports the 2009 energy conservation code with compliance software tools like REScheck and COMcheck and no longer provides training;

- Governor Michelle Lujan Grisham's Executive Order 2019-003, addressing climate change and energy waste prevention, directs the evaluation of regulatory strategies, including the adoption of building codes to achieve reduction in greenhouse gas pollution;
- new energy codes incorporate modern technologies and construction techniques to create safer, healthier and more sustainable building structures;
- Pacific Northwest national laboratory conducted a study that demonstrated that New Mexico homebuyers would realize significant utility cost savings benefits with the implementation of the 2015 international energy conservation code;
- in 2018, the New Mexico RLD adopted the 2015 uniform plumbing and uniform mechanical codes without updating the state energy conservation code;
- the EMNRD, in February 2019, was not selected to receive a grant from the United States DOE to measure the effectiveness of energy conservation building practices, in part due to the state having outdated energy conservation codes for residential and commercial buildings; and
- New Mexico energy roadmap meetings conducted by the EMNRD, which included more than fifty diverse New Mexico energy stakeholders, concluded that it is important to upgrade all New Mexico building codes to at least meet national standards and to develop a process for maintaining current codes.

## **FISCAL IMPLICATIONS**

SM86 provides that ENMRD and stakeholders present to the appropriate interim legislative committees on progress toward updating the state energy conservation code by November 1, 2019. This will have to be absorbed with existing staff and resources since there is no funding identified.

One of the purposes of the Energy Conservation and Management program is to develop and implement clean energy programs to decrease per capita energy consumption. Any increased building infrastructure costs related to more modern energy conservation building practices will likely be offset by reduced utility costs over time for residential and commercial buildings.

In its FY20 budget hearing before the Senate Finance Committee, EMNRD reported the loss of a \$300 thousand federal grant related to energy conservation building practices that it had budgeted for FY20. According to SM86, the loss was in part due to the state having outdated building energy conservation codes. In response, HAFC included an additional \$300 thousand from the general fund for ECMD in the HAFC Substitute for House Bills 1 and 2 to make up the loss of the grant.

## **SIGNIFICANT ISSUES**

SM86 asks EMNRD to partner with RLD's CID and others in developing the state energy conservation code, provide information and assistance to RLD in the development of the updated energy conservation code, invite all affected stakeholders to participate in the review and adopting process, and develop a way for all building codes to be updated in a timely manner in the future.

