

May 25, 2006

S 2051. ENERGY INDEPENDENCE ACT. Filed 5/25/06. *TO INCREASE ENERGY INDEPENDENCE IN NORTH CAROLINA BY PROMOTING THE CONSERVATION OF ENERGY AND WATER IN PUBLIC FACILITIES, BY PROMOTING THE USE OF ALTERNATIVE FUELS AND ADVANCED TECHNOLOGY VEHICLES IN STATE FLEETS, BY CREATING VARIOUS ENERGY-RELATED TAX INCENTIVES, AND TO APPROPRIATE FUNDS.* (1)

Amends GS 143-64.17 to clarify that guaranteed energy savings contracts involving state and local governments include conservation measures for water and other utilities. Amends GS 143-64.17B(a) to extend from 12 to 20 years the maximum term of such contracts. Amends GS 142-63 and 142-64 to raise to \$1 million the cap for, and extend to 20 years the term of, financing contracts for energy conservation measures. Amends GS 143-64.15 to expand the state's energy policy and life-cycle cost analysis to include the conservation of water and other utilities. (2) Enacts new GS 143-58.6 establishing goals for the use of alternative fuels and advanced technology vehicles for state-owned vehicles. (3) Enacts new GS 143-64.18 to reduce by 20% and displace reliance on petroleum products in state-owned vehicles fleets. (4) Enacts new GS 143-128.5 to require any entity that received funding in the state capital budget for a major facility project to reduce energy purchases from a public utility by 20% by 2015 through cost-effective measures and distributed general technologies for facilities constructed with state capital funds. (5) Enacts new Part 34A of Article 3 of GS Chapter 143B establishing an energy assistance program for low-income persons. Provides that all energy assistance programs for low-income persons will be administered by the Office of Economic Opportunity of the Department of Health and Human Services. (6) Enacts new GS 105-130.48 and 105-151.30 creating an income tax credit of \$500 to \$2,000 for construction or improvement of energy efficient homes as defined in act. Enacts new GS 105-151.31 creating an income tax credit of \$500 for the purchase of an energy efficient home. These credits are effective for taxable years beginning on or after January 1, 2007. Credits expire for taxable years beginning on or after January 1, 2011. (7) Effective January 1, 2007, amends GS 105-449.60, GS 119-18(a), and other statutes to exempt biodiesel, fuel alcohol, and gasohol from the state's motor fuel excise tax and inspection tax. Requires Department of Revenue to report to the Revenue Laws Study Committee on an annual basis the fiscal impact of this tax exemption. (8) Enacts a new Article 3H of GS Chapter 105 creating an income or franchise tax credit of \$2,000 for the purchase or lease of an alternative fuel vehicle. Article is repealed with respect to vehicles purchased or leased on or after January 1, 2011. Requires Department of Revenue to report to the Revenue Laws Study Committee and the Fiscal Research Division regarding the number of vehicles for which a credit is claimed and the total cost to the General Fund of this credit. (9) Enacts a new Part 4 of Article 36 of GS Chapter 143 establishing a mobile source emissions reduction program administered by the State Energy Office in the Department of Administration. The program will provide grants for payments to purchasers of alternative fuel vehicles and hybrid vehicles, for alternative fuel infrastructure projects, for approved anti-idling technologies, and other purposes related to reduction of mobile source emissions. The program will be funded by a surcharge on the annual registration fees for motor vehicles. For light-duty vehicles the surcharge will be \$2 to \$11 based on the vehicle's "green vehicle guide rating." The surcharge is effective with respect to registrations due on or after July 1, 2006. The program expires July 1, 2016. (10) Appropriates \$500,000 for 2006-07 from the General Fund to the Department of Administration to implement the provisions set forth in (1), (2), and (3) above.

Intro. by Albertson.

GS 105, 119, 142, 143, 143B, APPROP

June 28, 2006

S 2051. ENERGY INDEPENDENCE ACT. Filed 5/26/06. Senate committee substitute makes the following changes to 1st edition. Reorganizes and changes titles to the bill's separate Parts, and changes long title accordingly.

Part I. Energy Conservation in State and Local Government Facilities. Amends the definition of "energy savings" in GS 143-64.17 to include increased meter accuracy and to incorporate captured lost revenue into a governmental unit's measure of costs. The 1st edition provided that a governmental unit may enter into guaranteed energy savings contracts if the energy conservation

measures to be installed are for existing buildings. Committee substitute extends this authority to existing utility systems.

Rewrites proposed GS 143-128.5, the provision subjecting state buildings, public school buildings, and other buildings that receive funding in the state capital budget to a utility energy reduction goal. First, it deletes the requirement for public school buildings and adds a statement encouraging but not requiring public schools to reduce energy and water use by 20 percent. Second, it defines "major facility project" as new construction or an addition or renovation that increases a facility's size by 20,000 or more square feet, costs \$250,000 or more, or costs 50 percent or more of the current facility value. Third, it requires "major facility projects" at existing facilities to reduce energy and water use by 20 percent compared to the facility's baseline. This requirement becomes effective July 1, 2006, and applies to major facility projects that receive capital improvement funding on or after that date. Entities subject to this requirement must meet the goal by July 1, 2015. Fourth, it requires new facilities or additions to reduce energy use by 20 percent benchmarked from a standard set by the American Society for Heating, Refrigerating, and Air-Conditioning Engineers, and it requires new facilities or additions that are projected to use 500,000 gallons or more of potable water each year to reduce potable water consumption by 20% using a benchmark determined by the State Energy Office. These requirements apply to major facility projects that have not begun the design phase when the bill becomes law. Finally, it requires the Department of Administration to review and modify design criteria for construction and renovation of facilities and to set measurement and evaluation standards.

Adds a new subsection (b1) to GS 143-64.12, requiring the Department of Administration to develop a program for state government that will achieve a 20 percent reduction in annual energy and utility consumption.

Part II. Use of Alternative Fuels and Advanced Technology Vehicles in State Motor Fleets. Reorganizes proposed GS 143-58.6 and amends it in several ways. Alters the definitions of "alternative fuel" and "advanced technology vehicle." Reduces the number of alternative fuel use credits the state fleet must accrue to 1.5 million for calendar years 2006 and 2007 (was, 2 million), to 3 million for 2008 and 2009 (was, 5 million), and to 6 million for 2010 and each year thereafter (was, 10 million). Authorizes the Secretary of Administration to suspend the program if the prices of alternative fuels exceed the costs of traditional fuels by so much as to make it impracticable and unreasonable. Authorizes the Department of Administration to adopt rules to implement this section. Makes technical changes and changes the due dates for some reports and implementation plans.

Part III. Provide Energy Assistance for Low-Income Persons. Amends proposed GS 143B-216.72C, which establishes the powers and duties of the Office of Economic Opportunity, to specify that energy assistance programs are to be administered for the benefit of low-income persons in existing housing. The 1st edition was not limited to existing housing.

Part IV. Energy Tax Incentives. Increases the tax credit for a taxpayer that builds or manufactures a new federally qualified energy efficient home from \$500 to \$1,000. Adds new GS 105-449.103, allowing a motor fuels tax credit for biodiesel providers or refiners. The credit applies to the portion of the biodiesel that is derived from agricultural products or animal fats or wastes and is equal to the amount of tax paid on that portion. Provides that this new section will become effective on January 1, 2007, and will expire on January 1, 2011. Deletes the provisions of 1st edition that exempted fuel alcohol or biodiesel from the excise tax on motor fuel, repealed GS 105-449.83 (liability for tax on imports of motor fuel), and added biodiesel and fuel alcohol providers to the list of persons subject to inspections, bonds, and inspection taxes under GS Chapter 119. Also deletes provisions establishing the Mobile Source Emissions Reduction Program.

Part V. Biofuels Industry Strategic Plan. Directs the College of Agriculture and Life Sciences at NC State University, the NC Biotechnology Center, and the Rural Economic Development Center, Inc., to jointly develop a strategic plan for developing biofuels as an industry in North Carolina. Requires these groups to consult with specified agencies and to submit the plan to the 2007 General Assembly.

Part VI. Appropriation. Appropriates \$500,000 for 2006-07 to the State Energy Office to implement and administer this act. This replaces the 1st edition's appropriation in the same

amount to the Department of Administration for a more limited purpose. The appropriation is effective July 1, 2006.

Part VII. Except as otherwise noted, these provisions are effective upon enactment.

July 13, 2006

S 2051. STATE ENERGY USE PLANNING/ENERGY ASSISTANCE (NEW). Filed 5/25/06.

Senate committee substitute makes the following changes to 2nd edition. Deletes the following parts: Part I (Energy Conservation in State and Local Government Facilities); Part II (Use of Alternative Fuels and Advanced Technology Vehicles in State Motor Fleets); Part IV (Energy Tax Incentives); and Part VI (Appropriation); and rewrites title to read: *AN ACT TO REDUCE ENERGY, FUEL, AND WATER CONSUMPTION IN THE STATE THROUGH: (1) DEVELOPMENT OF A PLAN TO INCREASE THE AVAILABILITY AND USE OF ALTERNATIVE FUELS IN STATE-OWNED VEHICLE FLEETS; (2) PROVISION OF ENERGY ASSISTANCE TO LOW-INCOME PERSONS; (3) DEVELOPMENT OF A STRATEGIC PLAN TO EXPAND THE BIOFUELS INDUSTRY IN NORTH CAROLINA; AND (4) STUDY MECHANISMS TO IMPROVE ENERGY AND WATER CONSERVATION IN STATE-OWNED FACILITIES.*

Adds a direction to the Department of Administration to develop a plan for targeted conversion of fuel dispensing facilities to provide greater availability of biodiesel, ethanol, and other alternative fuels; requires that the plan be submitted to the Joint Legislative Commission on Governmental Operations by November 1, 2006. Retains provisions on energy assistance to persons of low income. Makes technical changes to former Part V (now, Part III), on developing a biofuels industry strategic plan. Adds direction to the Joint Legislative Oversight Committee on Capital Improvements to conduct a study to improve energy and water conservation in State-owned facilities, with a goal of a 20% reduction in energy and water use by January 1, 2012; directs report to General Assembly by February 1, 2007.

July 17, 2006

S 2051. STATE ENERGY USE PLANNING/ENERGY ASSISTANCE. Filed 5/25/06. Senate amendment makes the following changes to 3rd edition. Deletes provision requiring that the College of Agriculture and Life Sciences at NCSU convene and coordinate the Biofuels Industry Strategic Plan Work Group and instead establishes the Work Group directly. Deletes representatives of the NCSU College of Natural Resources from the Work Group. Adds the Department of Transportation and representatives (was, a representative) of the biofuels industry to the list of entities the Work Group must consult. Requires that the Work Group submit the strategic plan for expansion of biofuels as an industry in NC to the Environmental Review Commission (was, the 2007 General Assembly) no later than January 1, 2007 (was, February 1, 2007).

July 25, 2006

S 2051. STATE ENERGY USE PLANNING/ENERGY ASSISTANCE. Filed 5/25/06. House amendments make the following changes to 4th edition. Amendment #1 directs the Joint Legislative Utility Review Committee to study the desirability and feasibility of the Utilities Commission regulating the production and distribution of gasoline and related products as a utility. Amendment #2 changes the reporting date for Biofuels Industry Strategic Plan Work Group by directing that group to submit an interim report no later than January 15, 2007, and a final report by April 1, 2007.

August 14, 2006

SL 2006-206 (S 2051). STATE ENERGY USE PLANNING/ENERGY ASSISTANCE. AN ACT TO REDUCE ENERGY, FUEL, AND WATER CONSUMPTION IN THE STATE THROUGH: (1) DEVELOPMENT OF A PLAN TO INCREASE THE AVAILABILITY AND USE OF ALTERNATIVE FUELS IN STATE-OWNED VEHICLE FLEETS; (2) PROVISION OF ENERGY ASSISTANCE TO LOW-INCOME PERSONS; (3) DEVELOPMENT OF A STRATEGIC PLAN TO EXPAND THE BIOFUELS INDUSTRY IN NORTH CAROLINA; AND (4) STUDY MECHANISMS

TO IMPROVE ENERGY AND WATER CONSERVATION IN STATE-OWNED FACILITIES.
Summarized in *Daily Bulletin* 5/25/06, 6/28/06, 7/13/06, 7/17/06, and 7/25/06. Enacted August 8, 2006. Effective August 8, 2006.