

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## **SENATE, No. 702**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 11, 2009

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 702 (1R), with committee amendments.

This bill, as amended by the committee, would promote energy efficiency and conservation in buildings by authorizing the Commissioner of Community Affairs (“commissioner”) to amend the Uniform Construction Code’s energy subcode to establish enhanced energy-saving construction requirements, the added cost of each of which may reasonably be recovered through energy conservation over a period of not more than seven years. Such requirements are to include provisions to ensure that, in all parts of the State, the anticipated energy savings shall be similarly proportionate to the additional costs of energy subcode compliance.

Currently, all construction subcodes under the State Uniform Construction Code are adopted based on the model codes of the Building Officials and Code Administrators International, Inc., the National Electrical Code, and the National Standard Plumbing Code, except that for good reasons, the commissioner may adopt as a subcode, a model code or standard of some other nationally recognized organization upon a finding that such model code or standard promotes the purposes of the “State Uniform Construction Code Act,” P.L.1975, c.217 (C.52:27D-119 et seq.).

Under the amended bill, the International Energy Conservation Code would be added as one of the model code alternatives to be used as a basis of the energy subcode. The energy subcode may be amended or supplemented by the commissioner once before 2012 without regard to the statutory three-year minimum interval between the adoption of an energy subcode and the adoption of a revision of that subcode. In amending or supplementing the energy subcode, the commissioner shall rely upon 10-year energy price projections provided by an institution of higher education within one year following the effective date of the bill, and thereafter at three year intervals. In developing the energy price projections, the institution of

higher education is to consult with the Board of Public Utilities (“board”).

This bill requires the board, through its residential facilities energy conservation program, and in consultation with the Department of Community Affairs and the New Jersey Housing and Mortgage Finance Agency, to assist certain homebuyers by providing down payment funding assistance for the purchase of new homes which have increased costs that may be attributed to the enhanced energy conservation construction requirements.

COMMITTEE AMENDMENTS:

The committee amended the bill to: 1) add the International Energy Conservation Code as one of the alternative model codes that can be used as a basis for the energy subcode; 2) allow the energy subcode to be amended or supplemented by the commissioner once before 2012 without regard to statutory minimum intervals between the adoptions and revisions of the energy subcode; and 3) clarify in section 1 of the bill that the Commissioner of Community Affairs need not consult with an institution of higher education when adopting enhanced energy-efficient building codes.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot estimate the cost of the bill because there is no information available to predict the manner in which the Board of Public Utilities will implement the bill’s down payment assistance program. The OLS notes that the bill’s down payment assistance program will only apply to purchasers of new homes that meet the enhanced energy subcode standards required to be adopted by the Commissioner of Community Affairs. Furthermore, assistance will be limited to those homebuyers whose income does not exceed 110 percent of the county median income, as adjusted for household size. The resale of a new home will not qualify the purchaser of that home for participation in the down payment assistance program. The OLS cannot estimate the number of houses that may be built in the future that would meet the enhanced energy subcode requirements to be adopted under this bill, or the number of these houses that may be purchased by an individual qualified to receive down payment assistance as provided for in the bill.