

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 419

### STATE OF NEW JERSEY 220th LEGISLATURE

DATED: FEBRUARY 28, 2022

#### SUMMARY

- Synopsis:** Establishes Renewable and Efficient Energy Financing Program; authorizes BPU to transfer up to \$20 million annually in societal benefits charge revenues to New Jersey Infrastructure Bank for purposes of program.
- Type of Impact:** Annual increase in State expenditures. Annual increase in local revenues and expenditures.
- Agencies Affected:** Board of Public Utilities; New Jersey Infrastructure Bank; certain State entities, local units, and school districts.

#### Office of Legislative Services Estimate

Fiscal Impact	
<b>Annual State Expenditure Increase</b>	Up to \$20 million
<b>Annual Local Revenue Increase</b>	Up to \$20 million
<b>Annual Local Expenditure Increase</b>	Up to \$20 million

- The Office of Legislative Services (OLS) estimates that the bill would result in an annual State expenditure increase of up to \$20 million to fund energy efficiency improvement projects under the new Renewable and Efficient Energy Financing (REEF) Program.
- Local units and school districts that receive REEF Program funds would experience a revenue increase and a corresponding expenditure increase for the projects. The local units and school districts may also incur additional expenditures to perform energy efficiency assessments of their buildings and other property.
- The fiscal impacts could exceed \$20 million per year if the REEF Program were to provide the financial assistance as non-forgivable loans. In that event, loan interest and repayment amounts would become an additional source of financing for the program that would increase the estimated fiscal impacts accordingly. The OLS, however, has no substantiated information on the types of financial assistance that would be awarded under the program.

## **BILL DESCRIPTION**

This bill would establish the REEF program in the New Jersey Infrastructure Bank (NJIB) to provide loans and other forms of financial assistance to State entities, local units, and school districts to finance energy efficiency improvements in buildings and other property. The Board of Public Utilities (BPU) would be required to annually support the program with up to \$20 million from available balances accumulated in the board's accounts from societal benefits charge collections. The charge is included in electric and natural gas bills of ratepayers.

Applicants would be required to perform an energy efficiency assessment of the buildings or other property they own or operate. Upon approval of an application, the NJIB would provide loans or other forms of financial assistance to the applicant to finance all or a portion of the cost of the energy efficiency improvements identified in the assessment.

The BPU, in consultation with the NJIB, would be required to develop a priority system for energy improvement projects and establish ranking criteria and funding policies for the energy efficiency improvement projects to be funded under the program. The BPU would also be required to set forth a "Renewable and Efficient Energy Financing Program Project Priority List" for funding each fiscal year. Additionally, the BPU and the NJIB would have to submit an annual report to the Governor and the Legislature on the effectiveness of the program in promoting energy efficiency and producing energy cost savings for State entities, local units, and school districts.

Lastly, the bill would establish in the NJIB the special, nonlapsing Renewable and Efficient Energy Financing Fund. Moneys in the fund would be used to provide loans and other financial assistance under the bill, and for administration of the REEF program. The fund would be credited with: (1) payments of principal and interest on loans made under the bill; (2) societal benefits charge collections transferred from the Board of Public Utilities; (3) any other moneys appropriated by the Legislature or made available thereto; and (4) any investment income earned on the moneys in the fund.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

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*Section: Environment, Agriculture, Energy, and Natural Resources*

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).