



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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<b>Bill Number:</b>	S. 1171	Introduced on March 19, 2024
<b>Author:</b>	Davis	
<b>Subject:</b>	2021 International Energy Conservation Code	
<b>Requestor:</b>	Senate Labor, Commerce, and Industry	
<b>RFA Analyst(s):</b>	Manic	
<b>Impact Date:</b>	April 8, 2024	

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### Fiscal Impact Summary

This bill requires new and renovated commercial construction to comply with the 2021 edition of the International Energy Conservation Code, instead of the 2009 edition. Currently, the South Carolina Energy Office (Energy Office) within the Office of Regulatory Staff (ORS) must provide local jurisdictions a brief summary of the Energy Standard, the Residential Energy Efficiency Requirements that apply to South Carolina, and penalties.

ORS reports that the provisions of the bill will not change the scope of work of the Energy Office. Therefore, the bill will have no fiscal impact on the agency.

The Revenue and Fiscal Affairs Office (RFA) surveyed all forty-six counties and the Municipal Association of South Carolina (MASC). RFA received a response from Florence and Horry counties. Florence county reports that the bill will have a substantial undetermined expenditure impact since the local government will need to conduct training sessions, create and publish codebooks and affiliate resources, and potentially need to acquire new equipment. Horry county reports expenditures of up to \$25,000 annually in the next ten years to renovate older buildings. MASC also reports that the bill will have an undetermined impact on the expenditures of municipalities due to varying mandated training and certification requirements as well as the possibility of a portion of the cost to be covered in existing training costs. Given the varying responses provided by the two responding counties and MASC, the expenditure impact of the bill on county and municipal governments is undetermined.

### Explanation of Fiscal Impact

#### Introduced on March 19, 2024

#### State Expenditure

This bill requires new and renovated commercial construction to comply with the 2021 edition of the International Energy Conservation Code, instead of the 2009 edition. The Energy Office must currently provide local jurisdictions a brief summary of the latest Energy Standard, the Residential Energy Efficiency Requirements that apply to South Carolina, and penalties.

ORS reports that the Energy Office is federally funded by the U.S. Department of Energy and providing information about the Energy Standard to members of the public requesting such

information is part of the agency's normal duties. Since the bill does not change the scope of work of the Energy Office, the agency indicates the bill will have no fiscal impact.

### **State Revenue**

N/A

### **Local Expenditure**

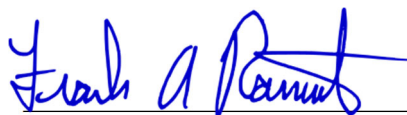
This bill requires new and renovated commercial construction to comply with the 2021 edition of the International Energy Conservation Code, instead of the 2009 edition. RFA surveyed all forty-six counties and MASC and received responses from Florence and Horry counties and MASC. Florence county reports that the bill will have a substantial undetermined expenditure impact because the local government will need to conduct training sessions, create and publish codebooks and affiliate resources, and potentially need to acquire new equipment. However, the amount could not be quantified at this time. Horry county reports that implementation of the bill will increase expenditures by an amount up to \$25,000 annually over the next ten years. This estimate represents the annual cost of additional requirements for renovating existing older buildings that were constructed twenty to thirty years ago. Although the cost will be incurred once for each building, the process of renovating all the buildings will take up to ten years.

MASC reports that the bill will have an undetermined impact on municipal expenditures. Most of the cost will be associated with printing new codebooks, training, testing, and travel requirements and may total as high as \$2,000 per person. However, MASC indicates that the South Carolina Department of Labor, Licensing and Regulation (LLR) covers training costs every two years for building inspectors as funds are available. Therefore, a portion of the cost for any additional training may be offset by training that this covered by LLR. Due to differences in training and certification requirements across the municipalities, a total cost for all municipalities cannot be determined at this time.

Based on the responses from the two responding counties and MASC, the bill will have an undetermined expenditure impact on county and municipality governments.

### **Local Revenue**

N/A



Frank A. Rainwater, Executive Director