

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 941 (Senator Klausmeier, *et al.*)
Education, Health, and Environmental Affairs

Procurement - Preference - Energy Star Products

This bill requires that the Department of General Services (DGS) purchase only Energy Star light bulbs and, to the extent practicable, only energy-using products that are Energy Star certified. Energy-using products include computers, heating and cooling systems, furnaces, lighting, printers, copiers, water coolers, and other office equipment.

Fiscal Summary

State Effect: Net general fund expenditure decrease by DGS to the extent it does not currently purchase Energy Star light bulbs or products. Initial higher costs for Energy Star products are offset within one or two years by reduced energy costs in State buildings. Life cycle costs for Energy Star products are typically significantly less than life cycle costs for conventional products.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: State procurement law establishes several exclusive purchasing requirements and procurement preferences. For purchases of supplies and services, State agencies must exhaust a series of priority preferences before engaging in a competitive procurement. First preference is given to Maryland Correctional Enterprises (MCE, the independent manufacturing arm of the Division of Correction) if MCE provides the supplies or services. If MCE does not provide the supply or service, second preference goes to Blind Industries and Services of Maryland, followed by sheltered workshops

staffed by individuals with mental or physical disabilities. Only if none of those entities provides a desired supply or service is an agency free to conduct a competitive procurement.

There are also several miscellaneous procurement requirements and preferences. At least 40% of paper purchased on behalf of State agencies must be recycled paper, and a separate price preference of 5% is given for the purchase of products made from recycled materials. Further, to the extent practicable, State agencies must buy supplies that are the quietest available. State public schools and facilities must establish a 5% price preference for locally grown foods.

Background: The U.S. Environmental Protection Agency (EPA) launched the Energy Star program in 1992 as a voluntary labeling program to identify and promote the use of energy efficient products. Energy Star is now a joint venture between EPA and the U.S. Department of Energy. Computers and monitors were the first products to be labeled, but the program has expanded to include major appliances, office equipment, lighting, home electronics, and more. In total, more than 2,000 manufacturers use Energy Star labels on more than 60 product categories. Since the program's inception, more than 2.5 billion Energy Star products have been sold. For 2008, EPA estimates that the use of Energy Star products reduced energy expenditures by \$19 billion and reduced greenhouse gas emissions by the equivalent of 29 million cars.

State Fiscal Effect: An Energy Star light bulb typically costs about \$3 more than a conventional light bulb, but can save as much as \$9 a year in energy costs. Over its lifetime, it can save as much as \$65 in energy costs compared with a conventional light bulb. Annual and life cycle savings for energy-using products vary by product type, but operating savings can exceed the initial cost differential in as little as two years. Industrial size appliances necessary for some State buildings may not be available with Energy Star certification.

Additional Comments: DGS does not purchase light bulbs or equipment for the Maryland Department of Transportation or the University System of Maryland.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): www.energystar.gov, Board of Public Works, Department of Budget and Management, Department of General Services, Maryland Energy

Administration, Maryland Department of Transportation, University System of Maryland, Department of Legislative Services

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