

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE

House Bill 1238  
Economic Matters

(Delegate Carr, *et al.*)

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Maryland Energy Administration - Standards for Televisions

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This bill requires the Maryland Energy Administration (MEA) to adopt specified regulations concerning energy efficiency and labeling standards for televisions sold in the State by October 1, 2010. MEA must consider adopting similar standards to those adopted, or that are being proposed, in other states.

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Fiscal Summary

**State Effect:** State expenditures may increase significantly beginning in FY 2010 due to consulting services required to develop the energy efficiency and labeling standards. Based on existing consulting contracts, MEA indicates that increased costs may total \$300,000 in the first year and \$30,000 annually thereafter. To the extent adopted energy efficiency standards limit the availability of TV models in the State and restrict consumer purchases, State sales tax revenues may decrease.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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Analysis

**Bill Summary:** The regulations adopted by MEA must:

- set maximum power usages for televisions when in active use and in a specified standby-passive mode;
- require televisions sold in the State to contain specified automatic brightness controls or a menu requiring the selection of a display mode each time the television is turned on after being disconnected from line voltage;

- require that a television automatically enter a standby-passive mode after a maximum of 15 minutes without signal input;
- require that a television enter a standby-passive mode when turned off and permit a television to have a method by which the television may enter other standby modes, including a specified download acquisition mode; and
- require information on the amount of power consumed by a television when in active use to be prominently displayed on all packages containing a television.

**Current Law:** Chapters 2 and 5 of 2004 and Chapter 568 of 2007 required MEA to establish specified minimum efficiency standards applicable to various types of new products, ranging from bottle-type water dispensers to commercial refrigeration cabinets, sold, offered for sale, or installed in the State. The State efficiency standards are subject to preemption by federal standards, but MEA is authorized to apply for a waiver of federal preemption for any product regulated by the federal government in accordance with specified procedures.

MEA may clarify but not expand the scope of devices subject to regulation under State efficiency standards, and must, every two years, consider and propose to the General Assembly new standards for products not specifically listed as subject to efficiency standards and revised, more stringent standards for products already listed. MEA is authorized to increase the efficiency standards for new products made subject to efficiency standards under Chapter 568 of 2007.

Chapters 2 and 5 of 2004 and Chapter 568 of 2007 do not address efficiency standards for televisions.

**Background:** The California Energy Commission (CEC) recently published a draft of proposed efficiency standards for televisions in active mode similar to those contemplated by the bill. California appliance efficiency regulations already regulate TVs in standby mode, though the draft standards would revise the regulations applicable to TVs in standby mode to reflect technological advances. The draft standards would take effect in 2011, with a second standard taking effect in 2013, further reducing energy consumption.

CEC staff's draft report regarding the standards cites an estimate that energy used by television viewing, with programming, recording, and playback equipment connected, represents about 10% of residential electricity use. The draft report indicates that energy consumption of TVs has been growing rapidly in recent years, a trend that is expected to continue in the near future due to growth in sales of digital flat panel TVs, average screen size, and the number of TVs per household; lower prices of high-definition flat screen digital TVs; enhance features and functionality of TVs; and increased daily usage time.

The California standard proposed to take effect in 2011 is expected to reduce energy consumption of televisions by an average of 33% and the standard proposed to take effect in 2013 is expected to, in conjunction with the initial standard, reduce TV energy consumption by 49%.

**State Expenditures:** State expenditures may increase significantly in fiscal 2010 for consulting services to develop efficiency standards for televisions sold in the State. Based on existing consulting contracts, MEA indicates that increased costs may total \$300,000 in the first year and \$30,000 annually thereafter.

To the extent MEA will need to develop original efficiency standards for televisions sold in the State, MEA advises consulting services will be required to research and develop the standards, hold industry and public input sessions, and provide ongoing support for the standards. This is expected to result in significant costs in fiscal 2010 and lesser ongoing costs (assuming the standards need to be maintained and updated). Alternatively, however, if standards have already been developed in another state that conform to the requirements of the bill, MEA indicates costs will be reduced.

**State Revenues:** To the extent standards adopted by MEA limit TV models available from retailers in Maryland, general fund and Transportation Trust Fund revenues may decrease due to a loss in State sales tax revenue generated from TV sales.

**Small Business Effect:** Small businesses in the consumer electronic industry may be meaningfully impacted by standards adopted by MEA for televisions sold in the State. Any impact will depend on the standards adopted.

*For illustrative purposes,* comments submitted by one industry group regarding potential efficiency standards in California expressed concern regarding the effects standards could have on manufacturers and retailers. The industry group indicated, among other concerns, that retailers' revenue and profits could be impacted and sales of high-definition TVs could move out-of-state or online.

CEC staff's draft report responded that the proposed standard would serve to motivate responsible efficiency considerations while designing televisions, but not ask manufacturers to sacrifice size or quality of picture. Further, CEC staff indicated that a significant impact from loss of sales in the state of other regulated products had not materialized.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Energy Administration, California Energy Commission, Department of Legislative Services

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