

**Senate Ways and Means Committee**

**Testimony in Support of HB 2129**

**Wednesday, March 15, 2017**

**John Milburn, Director of Legislative and Public Affairs**

Good afternoon and thank you for this opportunity to testify in support of HB 2129 regarding energy audits for leased property.

The proposed language in this bill would amend statutes regarding the requirement for energy audits for any property that is being leased by the State of Kansas. The audits are required to determine the energy needs of a given property and are used as a tool in negotiating the leases.

The requirement was born out of a comprehensive energy bill in 2010 that authorized the construction of additional generating capacity at the Holcomb power plant. As a part of the balance struck to secure that approval, the bill contained several components related to energy conservation, including the audit requirement.

The bill before you would not eliminate the requirement for an energy audit but would give the Secretary of Administration the latitude to waive the requirement in those instances where conducting an audit is either not feasible or practicable. Such a waiver would only be granted when adequate justification was provided.

For example, there are numerous leases that are negotiated for outdoor structures, such as towers or land that are not conducive to an audit. Other times agencies are leasing only a small portion of a much larger facility and it is not feasible for the landlord to conduct an audit. There is a free tool that is available for landlords to use to conduct the energy audits. However, the square footage requirements for the application do apply for these smaller properties, thus resulting in the landlord spending money out of their pocket that may not be recouped if there are several options for leasing space available to the state.

It should be noted that the audits are helpful and a useful tool for the state when negotiating leases. It affords us the opportunity to work with property owners to negotiate improvements that serve both parties and lower utility costs.

Granting the additional discretion to the Secretary when narrow instances arise where such audits aren't appropriate will make better use of resources while still ensuring the taxpayers' interests are preserved. Thank you and I would be pleased to answer any questions.