



Senate Bill 274 (as introduced 4-19-23)
Sponsor: Senator Sue Shink
Committee: Energy and Environment

Date Completed: 6-21-23

CONTENT

The bill would enact a new law to require the Department of Licensing and Regulatory Affairs (LARA) to develop and update every three years the Michigan Construction Decarbonization Strategic Plan, which would have to provide construction guidance to achieve reduced greenhouse gas emissions in building renovations and zero building greenhouse gas emissions in all new building construction after 2026.

Specifically, within one year of the bill's effective date, LARA would have to develop a written Michigan Construction Decarbonization Strategic Plan. (Under the bill, "building decarbonization" means the reduction or elimination of building greenhouse gas emissions. "Building greenhouse gas emissions" means the emissions of greenhouse gas from buildings, including, but not limited to, emissions from building mechanical equipment and appliances that rely on the combustion of fossil fuels.)

The strategic plan would have to provide guidance on technologies, building materials, and building construction methods and strategies necessary to achieve the following:

- Zero building greenhouse gas emissions for any building that commenced construction after 2026.
- Greenhouse gas emissions reductions in relevant renovation, alteration, or reconstruction projects.

The strategic plan also would have to set targets for building decarbonization based on the most accurate and complete climate change data and analyses, for each three-year construction code cycle update. Separate decarbonization targets would have to be established for the sector of new building construction and for the sector engaged in relevant renovation, alteration, or reconstruction of existing buildings. At a minimum, the targets would have to be sufficient for each sector to achieve the interim and final greenhouse gas emissions reduction goals under Executive Directive 2020-10 (see **BACKGROUND**).

In addition, the strategic plan would have to do the following:

- Recommend changes to building codes to achieve building decarbonization targets.
- Prioritize equity in building decarbonization.
- Promote the payment of the prevailing wage rate to workers on projects that implement the strategic plan.

In developing the strategic plan, LARA would have to do all the following:

- Host at least three public hearings and receive and respond to public comments.

- Review the most recent climate change modeling and greenhouse gas emissions mitigation research.
- Consult with the Department of Environment, Great Lakes, and Energy, the Michigan Public Service Commission, and the Michigan State Housing Development Authority.
- Convene a stakeholder committee to advise LARA, including representatives of local government, developers, architects, labor unions, environmental and climate organizations, public health organizations, environmental justice organizations, home builders, and energy experts.

In developing the strategic plan, LARA could contract with independent consultants or research institutions to provide data and conduct analyses. It would have to review and, if necessary, update the strategic plan every three years.

BACKGROUND

In 2019, under Executive Directive 12, Michigan joined the United States Climate Alliance, a bipartisan coalition of governors from 25 states devoted to pursuing the goals of the Paris Agreement, including a 26 to 28% reduction below 2005 levels in greenhouse gas emissions by 2025. In 2020, Governor Gretchen Whitmer issued Executive Directive 10, further committing Michigan to achieving economy-wide carbon neutrality no later than 2050. Among other things, Executive Directive 2020-10 ordered the Department of Technology, Management, and Budget to adopt policies and procedures to ensure that all new buildings and facilities owned, operated, and renovated by the State are carbon neutral by 2040 and all existing buildings and facilities owned and operated by the State reduce energy use by 40% by 2040.

Legislative Analyst: Tyler P. VanHuyse

FISCAL IMPACT

The bill would have a negative fiscal impact on State government and no fiscal impact on local units of government. The Department of Licensing and Regulatory Affairs estimates that its responsibilities under the bill would result in costs of approximately \$200,000. This would include hiring a departmental specialist as well as contracting with a third party for technical assistance. The Department estimates the cost of the contract for data collection and analysis at \$125,000, with the remaining funds devoted to the departmental specialist for coordination. It should be noted that, due to the requirement to update the strategic plan every 3 years, these costs would not be annual but could be recurring.

Fiscal Analyst: Jonah Houtz
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.