

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: S6-A

INTRODUCER: Senator Bennett

SUBJECT: Energy Efficient Rebate Programs

DATE: November 16, 2010      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

The bill appropriates \$31,369,867 to the Florida Energy and Climate Commission (FECC) and directs that the money be used to pay approved HVAC rebates and a portion of approved solar energy rebates. The bill makes two appropriations. The first appropriation, \$2,467,244 in nonrecurring funds from the Grants and Donations Trust Fund, is to be used exclusively for HVAC rebates. The second, \$28,902,623 from the Grants and Donations Trust Fund, from Specific Appropriation 2561A, Chapter 2009-81, Laws of Florida, is to be used first to pay any remaining approved HVAC rebates, and second to pay a percentage of each unpaid and approved solar energy system rebate. The percentage is to be derived by dividing the remaining appropriation by the total dollar value of the backlog of final approved solar rebates.

The bill makes it theft for anyone to obtain a rebate based on the submission of information that the applicant knows to be false.

The bill takes effect upon becoming a law.

**II. Present Situation:**

HVAC rebates

The FECC approved the Florida Energy Star Residential HVAC Rebate Program during a May 21, 2010 FECC meeting. The program was to begin on August 30, 2010 and end on December 31, 2010 or when funds were depleted. The program was intended to provide \$1,500 rebates for the purchase and installation of eligible HVAC systems.

The Governor publicly announced the program on August 20, 2010. On August 31, 2010, the FECC submitted a budget amendment for the September 14, 2010, Legislative Budget Commission (LBC) meeting to transfer approximately \$17.5 million in federal 2009 American Recovery and Reinvestment Act (ARRA) funds (\$15 million of which were from a Fixed Capital Outlay (FCO) appropriation) to a suitable operating category to fund the program. However, the LBC does not have authority to approve transfers from an FCO category. Section 216.292, F.S., provides that an FCO appropriation may not be expended for another purpose. Accordingly, the amendments were not placed on the LBC agenda. Due to the lack of authorized funding, the FECC removed the application from their web page and announced on September 14, 2010, that all rebates filed under the program were pending legislative action, thus suspending the program.

According to FECC support staff, approximately 2,700 applications have been submitted as of October 25, 2010. However, as processing of the applications was terminated when the program was suspended, it is unknown at this time how many of these applications are qualified for the rebate.

### Solar rebates

Section 377.806, F.S., was enacted in 2006 to create the Solar Energy System Incentives Program (program). The program is administered by the FECC. The purpose of the program is to provide financial incentives (rebates on a portion of the purchase price) for the purchase and installation of solar energy systems that meet specified requirements. Rebates are available for both solar photovoltaic systems that produce electricity and solar thermal systems that produce heat.

The amounts of the rebates are as follows:

- For a photovoltaic system, the rebate amount is \$4 per watt based on the total wattage rating of the system, with the maximum amount per system installation of:
  - Twenty thousand dollars for a residence and
  - One hundred thousand dollars for a place of business, a publicly owned or operated facility, or a facility owned or operated by a private, not-for-profit organization, including condominiums or apartment buildings.
- For a solar thermal system:
  - Five hundred dollars for a residence and
  - Fifteen dollars per 1,000 Btu up to a maximum of \$5,000 for a place of business, a publicly owned or operated facility, or a facility owned or operated by a private, not-for-profit organization, including condominiums or apartment buildings.
- For a solar thermal pool heater, \$100 per installation.

The rebate is available only for the purchase and installation, between July 1, 2006, and June 30, 2010, inclusive, of a new solar energy system of 2 kilowatts or larger for a solar photovoltaic system, a solar energy system that provides at least 50 percent of a building's hot water consumption for a solar thermal system, or a solar thermal pool heater. Application for a rebate must be made within 120 days after the purchase of the solar energy equipment.

The FECC is to determine and publish on a regular basis the amount of rebate funds remaining in each fiscal year. The total dollar amount of all rebates issued is subject to the total amount of

appropriations in any fiscal year for this program. If funds are insufficient during the current fiscal year, any requests for rebates received during that fiscal year may be processed during the following fiscal year. Requests for rebates received in a fiscal year that are processed during the following fiscal year must be given priority over requests for rebates received during the following fiscal year.

The Legislature provided annual funding for the program, as follows:

FY 2006-07	\$2.5 million in General Revenue
FY 2007-08	\$3.5 million in General Revenue
FY 2008-09	\$5.0 million in General Revenue
FY 2009-10	\$14.4 million in federal ARRA 2009 funds
FY 2010-11	No funding was provided.

The program proved much more popular than anticipated. Additionally, the FECC did not announce that funds for the program had been depleted until several months after the fact. These factors contributed to a backlog of over 13,000 applications and over \$52 million dollars being accumulated as of October 2010. The rebate applications date as far back as June 2009.

### III. Effect of Proposed Changes:

The bill appropriates \$31,369,867 and directs how this money is to be spent. Section 3 provides that for Fiscal Year 2010-11, and exclusively to implement the provisions of section 1 of the bill on HVAC rebates, \$2,467,244 in nonrecurring funds is appropriated from the Grants and Donations Trust Fund to the FECC. In addition, \$28,902,623 from the Grants and Donations Trust Fund, from Specific Appropriation 2561A, Chapter 2009-81, Laws of Florida, is immediately reverted and reappropriated to the FECC for Fiscal Year 2010-11. The money is to be used first to implement the provisions of section 1 on HVAC rebates, if actual rebates paid exceed \$2,467,244; the remainder of the money is to be used to implement the provisions of section 2 of the bill on Solar Energy System Incentives Program rebates.

Section 1 directs the FECC to pay rebates to eligible applicants who submit an application pursuant to the Florida ENERGY STAR Residential HVAC Rebate Program. The FECC is directed to pay a \$1,500 rebate to each consumer whose application is approved by the FECC. An applicant is eligible for a rebate under this section if:

- A complete application is submitted to the FECC on or before November 30, 2010.
- The HVAC/geothermal unit replacement for which the applicant is seeking a rebate was purchased or contracted for after August 29, 2010, but before September 15, 2010, by a contractor licensed in the State of Florida, and fully installed prior to submission of the application for a rebate.
- The FECC determines that the application complies with this section and any existing agreement with the U.S. Department of Energy governing the Florida ENERGY STAR Residential HVAC Rebate Program.
- On or before November 30, 2010, the applicant provides to the commission required information including:
  - a copy of either the sales receipt or the purchase and installation contract that indicates compliance with the date of purchase requirements and contains the

- make and model number and the name and address of the HVAC/geothermal installer;
- a copy of the county/city mechanical building permit pulled by the HVAC/geothermal installer for the residence;
- a copy of the Air Distribution System Leakage Test Report results from either a Class 1 Florida Energy Gauge Certified Energy Rater, a State of Florida Mechanical Contractor, or a recognized Test and Balance agent, which indicate the home has no more than 15 percent leakage to the outside as measured by 0.10 Qn. out or less; and
- a copy of the summary of the Manual J completed for the residence to indicate that the proper methodology for sizing the new HVAC/geothermal unit was completed.

Section 2 directs the FECC to utilize up to \$28,902,623, less any amount in excess of \$2,467,244 used to pay HVAC rebates, to pay a percentage of each unpaid and approved rebate application pursuant to the Solar Energy System Incentives Program. The percentage of each approved rebate to be paid must be derived by dividing the remaining appropriation by the total dollar value of the backlog of final approved solar rebates.

Section 4 makes obtaining a rebate pursuant to this act based on the submission of information that the applicant knows to be false a theft, punishable as provided in s. 812.014, F.S. Under this section, the degree of the felony and the corresponding penalties depend on the amount stolen.

Section 5 provides that the bill takes effect upon becoming a law.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

None.

##### **B. Public Records/Open Meetings Issues:**

None.

##### **C. Trust Funds Restrictions:**

None.

#### **V. Fiscal Impact Statement:**

##### **A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

Consumers who purchase qualifying HVAC systems and obtain rebate approval will receive a rebate of \$1,500. The bill initially makes \$2,467,244 available to pay these HVAC rebates but allows use of the additional \$28,902,623 if necessary to pay all approved HVAC rebate claims.

Consumers who purchased solar energy systems, filed an application for a rebate under the Solar Energy System Incentives Program, and obtained approval of the application will receive a partial rebate. The amount of the rebate is to be a percentage of the rebate amounts set forth in s. 377.806, F.S., with the percentage derived by dividing the remaining appropriation by the total dollar value of the backlog of final approved solar rebates. For example, assume that: the entire \$28,902,623 remains available for solar rebates, the amount of the backlog is exactly \$52,000,000, and all unpaid applications are approved. The percentage would be \$28,902,623 divided by \$52,000,000, approximately 56 percent. As such, if a person had purchased a residential solar photovoltaic system large enough to qualify for the maximum rebate amount of \$20,000 and obtains approval for that rebate, the partial payment would be approximately \$11,200.

**C. Government Sector Impact:**

The fiscal impact to the state is \$31,369,867 million in federal trust funds (American Recovery and Reinvestment Act 2009). The bill appropriates \$2,467,244 in nonrecurring federal trust funds and immediately reverts and reappropriates \$28,902,623 in nonrecurring federal trust funds to an appropriate operating category to fund provisions of this act. The source of the \$2,467,244 appropriations is unused funds from the federal Energy Star Appliance Rebate award which may not be used for solar rebates. The remaining funds are from State Energy Program grants and may be used for either purpose.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

---

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

---