

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 395 – HB 616

March 20, 2009

SUMMARY OF AMENDMENT (005136): Deletes all language of the original bill. Requires that any vending machine installed on state property after July 1, 2009, use energy efficient lights for advertising purposes or have the lights used solely for advertising purposes removed. Requires that all existing vending machines currently on state property that require repair or replacement have their lights replaced with energy efficient lights or have the lights removed (de-lamped).

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Expenditures - \$438,000

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Expenditures - \$416,100

Assumptions applied to amendment:

- The Department of General Services will stipulate either vending machines with no lights or energy efficient lighting in the specifications for all contracts for vending machines beginning July 1, 2009. These contracts are agency-based contracts and none of the machines are owned by the State.
- According to the Department of General Services, the vending industry has been retrofitting machines with energy efficient lights for the past one to three years.
- Both energy efficient vending machines and vending machines that have been de-lamped will reduce energy expenditures.
- According to Waste Reduction Partners (February 2004), de-lamping vending machines resulted in an average annual savings of \$100 per machine in North Carolina.
- According to the energy savings calculator developed by the United States Environmental Protection Agency and the United States Department of Energy estimation calculator (www.energystar.gov), each

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Energy Star rated vending machine results in an average annual savings in energy costs of approximately \$90 per machine.

- According to the Departments of General Services and Environment and Conservation, there are approximately 400 soda and snack vending machines in state park facilities and rest stops across the state.
- According to the Department of Human Services, the Tennessee Business Enterprises operates approximately 1,750 vending machines in state office buildings.
- According to UT, there are approximately 630 vending machines on the campuses across the state.
- According to the Tennessee Board of Regents (TBR), there are approximately 1,600 vending machines in universities and colleges across the state.
- Total existing vending machines operating on state property are estimated to equal 4,380 (400 + 1,750 + 630 + 1,600).
- Average annual utility cost savings if all existing machines were de-lamped are estimated to be \$438,000 (4,380 machines x \$100 annual savings per machine).
- Average annual utility cost savings if all machines are replaced with Energy Star rated energy efficient vending machines is estimated to be \$394,200 (4,380 machines x \$90).
- An estimated 50 percent (2,190) of vending machines in the state will be de-lamped and the remaining 50 percent (2,190) will be energy efficient machines.
- Total decrease in state expenditures is estimated to equal \$416,100 [$\$219,000$ (2,190 machines x \$100 annual savings) + $\$197,100$ (2,190 machines x \$90 annual savings)].

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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