

FISCAL NOTE(Form 1)
(Office of Fiscal Analysis)
Analyst: TW 4/9/92
cz
Version: 1

BILL NUMBER: sSB 27
FILE NUMBER:
AMENDMENTS:

TITLE: "AN ACT AUTHORIZING ENERGY EFFICIENCY TO BE INCLUDED
IN THE UNDERWRITING CRITERIA OF MORTGAGES"

FAVORABLY REPORTED BY Energy and Public Utilities, Planning
And Development

EFFECTIVE DATE: 10/1/92

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FISCAL IMPACT STATEMENT - BILL NUMBER sSB 27

STATE IMPACT	Potential Cost, see explanation below
MUNICIPAL IMPACT	Potential Cost, see explanation below
STATE AGENCY(S)	Department of Economic Development, Department of Public Utility Control, Connecticut Housing Finance Authority

EXPLANATION OF ESTIMATES:

STATE IMPACT: It is anticipated that there will be a potential cost to the State associated with allowance of a bonus of at least 3% for utilities on prudently incurred expenses associated with participation in the home energy rating service. This rate of return could lead to an increase in energy costs to the State.

Approximately 90% of Connecticut Housing Finance Authority Mortgages are insured by the Federal Housing Administration (FHA). Under FHA guidelines home energy efficiency can be factored into the mortgage underwriting process. Thus, currently both the ratios may be exceeded by up to two percent when the borrower is purchasing or refinancing an energy efficient dwelling. Therefore, no additional fiscal impact is anticipated to result.

It is anticipated that any additional responsibility for the Department of Economic Development as a result of the passage of this bill can be handled within existing resources.

MUNICIPAL IMPACT: It is anticipated that there will be a potential cost for municipalities associated with allowance of a bonus rate of return of at least 3% for utilities on prudently incurred expenses associated with participation in the home energy rating service. This rate of return could lead to higher energy costs for municipalities.