FISCAL NOTE
SENATE, No. 334
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MARCH 25, 2020

SUMMARY

Synopsis: Requires municipalities, public utilities, and State to use LED technology in certain street lights.

Type of Impact: One-time State and local expenditure increases and long-term State and local expenditure decreases.

Agencies Affected: Department of Transportation, Department of Treasury, certain municipalities

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
State Expenditure Impact		Indeterminate	
Local Expenditure Impact		Indeterminate	

- The Office of Legislative Services (OLS) **concurs** with the Executive estimate that there will be recurring annual cost savings to the State and certain municipalities to replace existing street lights with ones that use light-emitting diode (LED) technology. The OLS also agrees that there may be a high upfront cost to the State and certain municipalities to purchase and install the LED street lights with the savings accruing over many years.

- The OLS agrees that it will be difficult to replace all street lights in the State with LED technology within five years due to limited funding and the high upfront costs needed to replace street lights. The OLS also concurs with the Executive findings in that LED replacement is extremely cost effective and that LED technology has a long lifespan, approximately 10 years, which will generate even more savings.

- The OLS is not able to provide an estimate for the costs of installing street lights that use LED technology because the OLS is unable to determine how many eligible street lights would be installed or replaced under the bill.

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BILL DESCRIPTION

This bill requires municipalities, public utilities, and the State to install or replace each street light owned by the municipality, public utility or State with LED technology within five years of the effective date of this bill. Public utilities are to recover the cost of installing or replacing these street lights through the societal benefits charge. Municipalities are required to install or replace each street light within the municipality as the municipal budget permits.

Under the bill, municipalities, public utilities, and the State are not required to install or replace a street light if: the street light is used on a temporary basis because emergency personnel require it; the street light is used on a temporary basis for nighttime work; the street light is used for a special event or situation; a compelling safety interest exists; a federal law supersedes or is inconsistent with the bill; or the street light is used on a historic property.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Property Management and Construction (DPMC) has determined that LED replacement is extremely cost effective with the cost of installing new lighting recouped through energy savings within three to five years. In addition, LED technology has a long lifespan, approximately 10 years, which will generate even more savings.

The DPMC has indicated that it is responsible for maintaining outdoor lighting in various parking lots of State facilities and it is currently standard practice to replace existing outdoor light fixtures with LED technology. However, the initial outlay of funding to convert all fixtures to LED within five years may not be available. DPMC uses a line of credit to fund energy initiative projects; however, this line of credit may not be sufficient to replace all fixtures simultaneously. The DPMC estimates that the cost to replace lighting fixtures in the Department of Transportation headquarters parking lot alone would cost approximately $65,000.

The DPMC notes that the bill allows municipalities to replace fixtures "as the municipal budget permits" and allows public utilities companies to recoup costs through a societal benefits charge on their customers. However, the bill does not indicate how the State would fund the cost of converting all lighting fixtures to LED technology within five years.

DPMC continues to support the goal of energy efficiency and is committed to converting street lights in State facilities to LED technology. However, the DPMC would like to achieve this goal in a fiscally responsible manner. Thus, DPMC supports the bill overall, but is concerned that requiring all street light fixtures to be converted within a five year time frame, as stipulated by the bill, may not be fiscally practical, since the funding needed for the project may not be readily available through the available line of credit.

OFFICE OF LEGISLATIVE SERVICES

The OLS **concurs** with the Executive estimate that LED replacement is extremely cost effective and that LED technology has a long lifespan, approximately 10 years, which will generate savings for the State and municipalizes. The OLS also agrees that it will be difficult to replace all street lights in the State with LED technology within five years due to limited funding and the high upfront costs needed to replace street lights.

The OLS is not able to provide an estimate for the costs of installing LED technology, or street lights that use LED technology, because the OLS is unable to determine how many eligible street

lights would be installed or replaced under the bill. The OLS notes that there may be a high upfront cost to purchasing and installing LED technology. However, after installation the OLS notes that there will be recurring cost savings to municipalities and the State.

The OLS notes that there are several costs associated with the installation or replacement of street lights including: material costs, installation costs, and labor costs. The material cost of a 100 Watt LED street light ranges from $99 to $180. The estimated cost of a street light pole is $2,000 to $3,000, and the cost for hiring an electrician to install or replace a LED street light could be up to $1,000. However, LED technology, or street lights that use LED technology are more energy efficient, using 15 percent of the energy of an incandescent bulb while generating more light per watt, and have increased longevity, with bulbs lasting up to 100,000 hours. Studies show that street lighting costs can be reduced by as much as 65 percent when switched to LED street lights, which will generate savings for the State and municipalities.

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This fiscal note has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).