

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4125-01
Bill No.: SB 780
Subject: Boards, Commissions, Committees, Councils
Type: Original
Date: January 27, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$0	\$803,630	\$1,099,564
Total Estimated Net Effect on General Revenue Fund	\$0	\$803,630	\$1,099,564

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
The Public Counsel Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Offsetting income and expenses

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** and the **Office of the State Treasurer** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Economic Development - Public Service Commission (PSC)** assume the proposed legislation would affect their agency. It appears the PSC Budget & Fiscal Services Dept. (BFS) would be responsible for calculation of the OPC annual assessment on behalf of OPC, similar to the current annual PSC assessment process/procedure per Chapter 386.370 RSMo. BFS would render an assessment statement to each regulated public utility company. BFS also may need to deposit any OPC assessment payments to the credit of the newly created "Public Counsel Fund" with the State Treasurer, maintain an accounts receivable ledger for the OPC assessment and provide potential answers/follow-up to any inquiries regarding such.

The PSC assumes, however, the proposed legislation would not create the need for additional personnel or budgetary appropriations. As stated above, there would be additional staff resources/costs devoted to the OPC assessment in the proposed legislation and could be absorbed within existing agency appropriations. The fiscal impact of this legislation cannot be reasonably determined as the degree of PSC/BFS involvement in the OPC assessment, once rendered, is unknown.

ASSUMPTION (continued)

Officials from the **Department of Economic Development - Office of Public Counsel (OPC)** state the bill would change the source of funds used to operate the agency from general revenue to a special fund. The revenues for the funds would come from assessments on regulated utilities, which would recover the assessments through rates charged to customers.

Because utilities are permitted to pay assessments in quarterly installments, it is assumed that the OPC's operations in the first quarter of the first fiscal year after the bill becomes effective will be funded through General Revenue. Any allocation of cost for the Office of Administration Central Service Cost Allocation Plan are not included in the estimate.

The OPC assumes a savings to the General Revenue fund (and a corresponding loss to the new Public Counsel Fund) of \$803,630 in FY 2008 (9 months) and \$1,099,564 in FY 2009. OPC has accounted for roughly \$60,000 in Leased Space expense in their calculation.

The FY 2006 budget for the OPC includes \$540,030 (11 FTE) of personal service costs and \$189,930 of expenses and equipment, for a total of \$729,960. The OPC added fringe benefits (of 44.06% of personal service) as well as leased space expense to the budgetary line item 7.175 for FY 2006. Growing these amounts by 2.5 percent for personal service and 3 percent for expense and equipment and leased space, **Oversight** agrees with the estimates provided by OPC. Oversight also assumes that if this proposal becomes effective August 28, 2006, the OPC will not make assessments and collections for FY 2007, but will start with FY 2008.

This proposal will increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Savings - Office of Public Counsel</u>			
Personal Service (11 FTE)	\$0	\$425,527	\$581,553
Fringe Benefits	\$0	\$187,487	\$256,232
Expense and Equipment	<u>\$0</u>	<u>\$190,616</u>	<u>\$261,779</u>
<u>Total Savings - OPC</u>	\$0	\$803,630	\$1,099,564
 ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	 <u>\$0</u>	 <u>\$803,630</u>	 <u>\$1,099,564</u>

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
(continued)	(10 Mo.)		

THE PUBLIC COUNSEL FUND

<u>Income</u> - Increased assessments on regulated utilities	\$0	\$803,630	\$1,099,564
<u>Costs</u> - Office of Public Counsel			
Personal Service	\$0	(\$425,527)	(\$581,553)
Fringe Benefits	\$0	(\$187,487)	(\$256,232)
Expense and Equipment	\$0	(\$190,616)	(\$261,779)
<u>Total Costs</u> - OPC	\$0	(\$803,630)	(\$1,099,564)

ESTIMATED NET EFFECT TO THE PUBLIC COUNSEL FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007	FY 2008	FY 2009
	(10 Mo.)		
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses may have a slightly higher utility bill as a result of this proposal. Small regulated utility businesses may have to pay an assessment to the OPC and pass on this costs to its customers.

DESCRIPTION

The proposal creates an assessment-based funding mechanism for the Office of Public Counsel (OPC) similar to that currently utilized by the Public Service Commission (PSC). Prior to the beginning of each fiscal year, the OPC shall present to the PSC their estimated expenses attributable to the regulation of public utilities. The act provides for a three year phase-in that allows the OPC to utilize allocations from the PSC for their assessments; after that time, those allocations shall be based upon information maintained by the OPC. The calculation for the assessments is detailed in the act and is similar to the assessment currently utilized by the PSC. The total amount of assessments from both the OPC and the PSC shall not exceed one fourth of

one percent of the total gross intrastate operating revenues of all regulated utilities.

DESCRIPTION (continued)

The assessments rendered by the OPC shall be made available to the utilities on or before July first with the payment due either on or before July fifteenth or in four equal installments throughout the fiscal year. The moneys from the assessments shall be deposited into the newly created Public Counsel Fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Public Service Commission
Office of Public Counsel
Department of Revenue
Office of the State Treasurer



Mickey Wilson, CPA
Director
January 27, 2006