

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4541-04
Bill No.: Perfected SCS for SB 915
Subject: Energy; Public Service Commission.
Type: Original
Date: February 28, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$0 to (\$50,000)	\$0 to (\$50,000)	\$0 to (\$50,000)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$50,000)	\$0 to (\$50,000)	\$0 to (\$50,000)

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

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 Economic Development - Public Service Commission (PSC)** state their agency, in consultation with the Department of Natural Resources would develop procedures and rules for evaluating good-faith efforts by electric utilities to achieve certain percentages of renewable energy by 2015 and 2020. The PSC assumes no fiscal impact from the proposal.

Officials from the **Department of Economic Development - Office of Public Counsel** assume the proposal will not fiscally impact their agency.

Officials from the **Department of Natural Resources** do not anticipate any significant direct fiscal impact from the proposal.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$1,500. The SOS recognizes that this is a small

ASSUMPTION (continued)

amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

SENATE AMENDMENT 6:

Officials from the **Department of Revenue - Division of Taxation** believe that due to the low number of actual applicants for this credit, the new tax credit program can be processed with existing staff.

Oversight will range the fiscal impact of the new tax credit program from \$0 (no tax credit being utilized) to \$50,000 (annual limit).

This proposal may reduce Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (6 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Loss - Residential Alternative Energy Tax Credit Program</u>	<u>\$0 to (\$50,000)</u>	<u>\$0 to (\$50,000)</u>	<u>\$0 to (\$50,000)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 TO (\$50,000)</u>	<u>\$0 TO (\$50,000)</u>	<u>\$0 TO (\$50,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (6 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that are electrical corporations could be fiscally impacted as a result of this proposal.

DESCRIPTION

The act directs electrical corporations to make a good faith effort to generate or procure energy originating from renewable sources. The act sets goals for the use of renewable energy, at least three percent by the year 2012, at least seven percent by the year 2015 and at least ten percent by the year 2020. The Public Service Commission shall be responsible for promulgating rules by July 1, 2007, governing the process by which the renewable energy goals and the utilities integrated resource plans are made compatible. The criteria and mechanics of the rule making process are described in the act.

The act directs electric utilities to submit a biennial report to the commission detailing plans, activities and progress with regard to the renewable energy goals set in the act. The commission shall then take that information and compile a report to be submitted to the Governor, General Assembly, and appropriate committees.

Senate Amendment 3 states that no electrical corporation shall make an application to the PSC to approve or modify rate schedules to reflect decreases in residential and commercial customer usage of non-renewable energy sources due to the increased usage of renewable energy sources.

Senate Amendment 6 establishes a tax credit program under the Department of Revenue, whereby taxpayers with federal adjusted gross incomes of \$30,000 or less can receive an income tax credit, up to \$1,000, of the cost of the installation of solar electric panels, energy-efficient appliances and energy-efficient heating and cooling systems and energy-efficient windows. The aggregate amount of tax credits shall not exceed \$50,000.

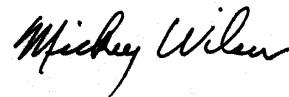
The effective date of the act is January 1, 2007.

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

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SOURCES OF INFORMATION

Department of Natural Resources
Department of Economic Development
Public Service Commission
Office of Public Counsel
Department of Revenue
Office of the Secretary of State



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