

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4541-07
Bill No.: HCS for SCS for SB 915
Subject: Energy; Public Service Commission.
Type: Original
Date: April 25, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(Unknown to Less than \$100,000)	(Unknown to Less than \$100,000)	(Unknown to Less than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown to Less than \$100,000)	(Unknown to Less than \$100,000)	(Unknown to Less than \$100,000)

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 Agriculture** assume no fiscal impact as a result of this proposal.

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.

In response to an earlier version of this proposal, officials from the **Department of Economic Development - Office of Public Counsel** assumed 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 ASSUMPTION (continued)

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 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.

SECTION 1

Officials from the **Department of Revenue** state there is no administrative impact to their agency; however, there is a potential sales tax loss to General Revenue associated with personal property purchased for wind energy manufacturing facilities. DOR estimates the impact at (Unknown to less than \$100,000).

Officials from the **State Tax Commission** assume no fiscal impact related to this proposal.

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</u> - Sales and use taxes associated with wind energy facilities	(Unknown to Less than <u>\$100,000</u>)	(Unknown to Less than <u>\$100,000</u>)	(Unknown to Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(Unknown to Less than \$100,000)</u>	<u>(Unknown to Less than \$100,000)</u>	<u>(Unknown to Less than \$100,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007	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

This proposed legislation, known as the "Green Power Initiative" directs electrical corporations to make a good faith effort to generate or procure renewable energy so that by 2012, three percent of total retail electric sales originates from renewable sources, increasing to seven percent by 2015 and ten percent by 2020.

The proposal adds animal wastes to the definition of biomass included in the definition of "eligible renewable energy technology".

The Public Service Commission (PSC) 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 proposal.

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

In addition, the Director of the Department of Economic Development shall issue a biennial report beginning on July 1, 2009, speaking to the impact of the renewable energy goals on the state's economy, and the Director of the Department of Natural Resources shall submit a biennial report beginning on July 1, 2009, speaking to the environmental impact of the goals set in the proposed legislation.

The proposal allows for electricity produced by fuel combustion to count towards the renewable energy goals provided the facility in question complies with all federal and state regulations. The blending or co-firing of renewable fuels with other fuels is allowed under the proposal, however, only the percentage of electricity that is attributable to the renewable fuels may be counted towards the goals set in the proposal.

The proposal encourages electrical corporations to develop and administer energy efficiency initiatives that reduce the annual growth in energy consumption and the need to build additional electric generation capacity.

DESCRIPTION (continued)

SECTION 1

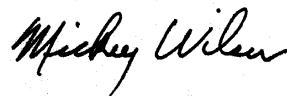
The proposal exempts tangible personal property purchased and used for the purpose of constructing or repairing a wind energy manufacturing facility from sales and use taxes.

The effective date of the proposal 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.

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
Department of Agriculture
Missouri State Tax Commission



Mickey Wilson, CPA
Director
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