

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5109-02  
Bill No.: SCS for SB 1031 & 846  
Subject: Public Service Commission; Utilities  
Type: Original  
Date: March 3, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
State School Moneys Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 TO UNKNOWN</b>	<b>\$0 TO UNKNOWN</b>	<b>\$0 TO UNKNOWN</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

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

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

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Economic Development - Public Service Commission (PSC)** state the proposal would authorize the PSC to seek higher penalties for violations of federal pipeline safety regulations. The current limit on penalties result in the PSC receiving reduced matching funds from the federal pipeline safety program.

PSC state if passed, the legislation could result in their agency receiving more funds from the federal pipeline safety program and having correspondingly lower charges to the state's utilities.

In response to similar legislation from this year (SB 846), officials from the **Department of Economic Development - Office of Public Counsel** assumed the proposal will not fiscally impact their agency.

**Oversight** assumes this proposal could result in increased penalties for violations of federally mandated natural gas safety standards, of up to \$10,000 per violation. Section 386.600 RSMo, states that "All moneys recovered as a penalty or forfeiture shall be paid to the public school fund of the state." Oversight assumes this fund is now the State School Moneys Fund. Oversight will

ASSUMPTION (continued)

therefore assume a \$0 to Unknown positive fiscal impact to the State School Moneys Fund as a result of this proposal. Proceeds to the State School Moneys Fund get distributed to the Local School Districts, and may result in a deduction in the state General Revenue allocation to the Local School Districts in the following year. For simplicity, Oversight will only show the potential revenue increase to the State School Moneys Fund.

**This proposal could increase Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<b>STATE SCHOOL MONEYS FUND</b>			
<u>Revenue</u> – Public Service Commission			
Penalties from violations of federally mandated natural gas safety standards	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
<b>ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small utility businesses that violate the federally mandated natural gas safety standards could be fiscally impacted as a result of this proposal.

DESCRIPTION

The proposal sets the maximum penalty for violating any order by the Public Service Commission relating to federal natural gas safety standards at ten thousand dollars per violation. The proposal provides the commission with the discretion to set the penalty based on several variables, which are described in the act.

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



Mickey Wilson, CPA  
Director  
March 3, 2006