

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5267-09
Bill No.: HCS No. 2 for SCS for SBs 1181, 1100, 1262 & 1263
Subject: Boards and Commissions, Committees, Councils; Energy; Natural Resources
Department; Public Service Commission
Type: Original
Date: May 12, 2008

Bill Summary: Modifies and creates provisions pertaining to energy efficiency and energy conservation

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Up to or Greater than \$18,778,214)	(Up to or Greater than \$1,805,733)	(Up to or Greater than \$1,832,651)
Total Estimated Net Effect on General Revenue Fund	(Up to or Greater than \$18,778,214)	(Up to or Greater than \$1,805,733)	(Up to or Greater than \$1,832,651)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 25 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
State School Moneys Fund*	\$0	\$0	\$0
Prop C	(Up to \$6,875,000)	(Up to \$263,000)	(Up to \$263,000)
Parks & Soils Tax Fund	(Up to \$732,000)	(Up to \$26,000)	(Up to \$26,000)
Conservation Fund	(Up to \$915,000)	(Up to \$33,000)	(Up to \$33,000)
Utilicare Stabilization Fund	\$0	\$0	\$0
Studies in Energy Conservation Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

* Offsetting Savings and Losses to State School Moneys Fund in FY 2010 and FY 2011

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	18 FTE	18 FTE	18 FTE
Total Estimated Net Effect on FTE	18 FTE	18 FTE	18 FTE

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	Unknown	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Secretary of State (SOS)** assume 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 to the SOS office for Administrative Rules for this proposal is less than \$2,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

Officials from the **Office of State Courts Administrator** state this proposal has no fiscal impact on the Courts.

Officials from the **Office of Administration - Division of Budget and Planning** and the

ASSUMPTION (continued)

Administrative Hearing Commission state there should be no added cost to their agency as a result of this proposed legislation.

Officials from the **Department of Economic Development - Office of Public Counsel, Department of Public Safety - Office of the Director,** and the **Department of Labor and Industrial Relations** state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Department of Transportation** assume no fiscal impact at this time.

Officials from the **Kansas City Metropolitan Community College** state this proposal will have no significant fiscal impact on their college.

§8.295 - State energy projects

Officials from the **Office of Administration - Division of Budget and Planning** indicated there could be an impact on Facilities Management, Design and Construction and deferred to them for an estimate of impact.

Officials from the **Office of Administration - Division of Facility Management, Design and Construction** stated they are already implementing this provision as it had been included in a statement of goals outlined to the Governor in 2006 regarding state energy conservation.

§8.800, 8.810, 8.812, 8.815, 8.837 - Energy Standards for State Buildings

According to officials from the **Department of Natural Resources (DNR)** this portion of the proposal would require that after July 1, 2009, construction of new state buildings and new or substantially renovated state buildings must meet or exceed the standards reflected by the International Energy Conservation Code, 2006, latest revision. DNR must convene a voluntary working group to advise and assist the department in the development and implementation of the minimum energy efficiency standard, which would be established by rule no later than January 1, 2009.

ASSUMPTION (continued)

Officials from the **Office of Administration - Division of Facilities Management, Design and Construction (FMDC)** assume the overall cost to the CI budget to comply has many variables that would affect cost such as:

- Type of building,
- Square footage of a building,
- New Construction or renovation/modernization,
- Rehabilitation of existing building,
- Renovation/modernization project cost over \$100,000 or \$500,000,
- Modify spaces in buildings,
- Flexibility and adaptability of project,
- Evaluation process in the daily activities of the facility,
- Overall five-year plan and other issues.

FMDC's operating budget (SFMOF-State Facility Maintenance and Operations Fund) would increase based on staffing needs and EE needs. At this time they are unable to determine the exact position needs but it should include a Professional Engineer (civil, electrical, mechanical, structural engineering or engineering management).

Officials from **Linn State Technical College** would expect to incur a significant increase in construction costs in order to meet the International Energy Conservation Code. However, Linn State would expect to recover a significant portion of those costs through lower building life cycle expenses. The exact fiscal impact is unknown at this time.

Officials at the **University of Missouri** assume the impact of this proposal is difficult to determine. It will fluctuate but could cost more than \$1,000,000 on a given year.

Officials at the **Lincoln University** assume modest fiscal impact in the form of increased costs for both design and construction.

Officials at the **Moberly Area Community College** assume it is not possible to determine the fiscal impact.

Oversight assumes that the costs of this proposal to Colleges and Universities is not state revenue. Additionally, Oversight assumes that the Colleges and Universities will raise tuition to cover any costs associated with this proposal.

ASSUMPTION (continued)

§30.750, 30.753, 30.756, 30.758, 30.760, 30.765 - Low interest loans for alternative energy generation

Officials from the **Office of the State Treasurer (STO)** state while the number of linked deposit requests generated by this new program and the resulting impact on staff workloads can not be known at this time, the STO does not currently believe that the increased workload arising from this new program, by itself, would warrant a full-time employee.

§64.170 Building Codes - Jefferson and Clay County

Officials of the **Department of Public Safety - Fire Safety** assume no fiscal impact to their division.

Officials of the **Jefferson County - County Counselor's Office** stated that this proposal would have a negative fiscal impact on Jefferson County. Officials stated that in 2007, the county collected approximately forty-nine thousand two hundred dollars in revenue from license fees for plumbers and drain layers. Officials stated that this proposal would prohibit the county from licensing these professionals, which assures it's citizens that their work was being done by licensed professionals.

Oversight assumes that the county would no longer collect certain licensing and regulatory fees and would no longer have the costs of enforcement, which would include inspections and administration. Oversight assumes the net fiscal impact would be \$0.

§143.121 Adjusted Gross Income Deduction

Officials from the **Office of Administration - Division Budget and Planning** assume the legislation's proposed §143.121.8 adds an income tax deduction of up to \$1,000 per year, and up to \$2,000 per taxpayer cumulatively, for 100% of the cost of a home energy audit. This will reduce general and total state revenues by an unknown amount.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DNR)** state this section will result in a need for the following additional staff:

Customer Services

One (1) Tax Collection Technician I for every additional 24,000 calls annually received on the non-delinquent inbound line

One (1) Revenue Processing Technician I for every additional 4,800 contacts annually in the field offices

Personal Tax

Two (2) Temporary Tax Employees for key-entry

One (1) Revenue Processing Technician I for every additional 19,000 returns to be verified

One (1) Revenue Processing Technician I for every additional 2,400 pieces of correspondence generated

The **Office of Administration Information Technology (ITSD DOR)** estimates that this legislation could be implemented utilizing 2 existing CIT III's for 2 months for modifications to MINITS and 2 existing CIT III's for 3 months for modifications to MITS at a rate of \$41,860. ITSD DOR estimates the IT portion of this request can be accomplished within existing resources; however; if priorities shift, additional FTE/overtime would be needed to implement. Funding would be requested through the budget process.

Officials from the **Department of Natural Resources (DNR)** state this section is linked to §640.153 that requires DNR to certify qualified home energy auditors to fully implement this section.

§144.067 - Sales Tax Holiday - Energy Efficiency Products

Officials from the the **Office of Administration - Division of Budget and Planning (BAP)** state that, subject to the emergency clause, proposed §144.067 creates a sales tax holiday for all products with a selling price less than \$600 for a three day period in June of 2008. BAP assumes that nearly all taxable items fall in this category. BAP notes that 3 days out of 365 is about

ASSUMPTION (continued)

0.82% of a calendar year, therefore, most state and local sales taxes would be reduced by this much. Although the holiday occurs during the last week of FY08, the timing of sales tax payments to the state forces the loss into FY09. Based on FY07 receipts, FY09 revenue losses would be as in the table below.

Reductions	
General Revenue	\$16,255,000
Prop C	\$ 6,347,000
Conservation	\$ 849,000
DNR	\$ 680,000
Total	\$24,131,000

Subject to the emergency clause, proposed §144.067 would also implement the "Energy Star" state sales tax holiday described below for a three day period in June of 2008, in addition to the seven day period in April of 2009.

Reductions	
General Revenue	\$ 791,000
Prop C	\$ 264,000
Conservation	\$ 33,000
DNR	\$ 26,000
Total	\$1,114,000

ASSUMPTION (continued)

Officials from the **Department of Revenue** state the following personal services will be needed to implement this section:

Customer Services

One (1) Tax Collection Technician I for every additional 15,000 contacts annually on the delinquent tax line

One (1) Tax Collection Technician I for every additional 24,000 contacts annually on the non-delinquent tax line

One (1) Revenue Processing Technician I for every additional 4,800 contacts annually to the field offices

§144.526 Show Me Green Sales Tax Holiday

Officials at the **Department of Natural Resources** state that the Parks and Soils Tax Fund is derived from one-tenth of one percent sales and use tax pursuant to Section 47 (a) of the Missouri Constitution. Any sales and use tax exemption would be a loss to the Parks and Sales Tax Fund.

ASSUMPTION (continued)

LMD:LR:OD (12/02)

ASSUMPTION (continued)

Officials at the **Office of Administration - Division of Budget and Planning** assume this section of the proposal would exempt the purchases of "Energy Star" certified appliances, with retail prices up to \$1,500, from sales tax for the seven day period beginning April 19th and ending April 25th, starting in 2009. Based on Personal Consumption data as provided by the US Bureau of Economic Analysis, sales of qualifying appliances would be approximately 0.04% of annual retail sales. Gross GR sales tax collections in FY07 were \$1,977.7M. Therefore, general and total state revenues would be reduced by proposed \$144.526 in the following ways, beginning in FY09:

Reductions	
General Revenue	\$ 791,000
Prop C	\$ 264,000
Conservation	\$ 33,000
DNR	\$ 26,000
Total	\$1,114,000

According to officials from the **Department of Revenue (DOR)**, this section will create an increased "setup" for Central Registration to add this "item tax" for qualifying businesses. This will require Central Registration to identify businesses that potentially qualify by SIC, contact them, and then respond to the responses. Also, Technical phone calls will increase around the holiday. Additional staff needs are as follows:

One (1) Tax Collection Technician I for every additional 15,000 contacts annually on the delinquent tax line

One (1) Tax Collection Technician I for every additional 24,000 contacts annually on the non-delinquent tax line

One (1) Revenue Processing Technician I for every additional 4,800 contacts annually to the field offices

ASSUMPTION (continued)

Notification will need to be sent to approximately 20,000 businesses each year of the holiday and the holiday rate they are to charge.

The **Office of Administration Information Technology (ITSD DOR)** estimates that this legislation could be implemented utilizing 2 existing CIT III's for 2 months for modifications to MINITS and 2 existing CIT III for 3 months for modifications to the MITS at a rate of \$41,860. ITSD DOR estimates the IT portion of this request can be accomplished within existing resources; however; if priorities shift, additional FTE/overtime would be needed to implement. Funding would be requested through the budget process.

Oversight assumes the Conservation Fund would also see a loss due to this proposal.

Officials at the **City of West Plains** assume a possible negative impact on the city.

Officials at the **City of Centralia** assume the impact is zero if the Board votes to be exempt from the sales tax holiday; otherwise a loss of sales tax receipts less than \$400 per year.

Officials from the **City of Columbia** state they could lose some local revenues, but can't predict an amount. In the long term, if electric systems reduce energy use, savings could be realized.

§161.365 - Requires school districts to purchase and use environmentally-sensitive cleaning products

Officials from the **Department of Natural Resources** and the **Department of Health and Senior Services** state there will be no fiscal impact to their respective agencies resulting from this section of the proposed legislation.

Officials from the **Department of Elementary and Secondary Education (DESE)** state their agency will incur costs to provide forms, to provide each district with a printed copy of the guidelines and specifications, and to provide multiple avenues by which cleaning products may be determined to be environmentally-sensitive; however, DESE does not expect these costs to be significant.

Those school districts that may determine that a green cleaning policy is not economically feasible will likely incur costs to provide annual written notification to DESE. School districts will likely incur costs to disseminate the guidelines and specifications to every school in the district. DESE defers to the local districts, but does not expect these costs to be significant.

ASSUMPTION (continued)

Officials from the **Salisbury R-IV School District** state that since there is language in the proposal for districts to avoid the regulations set out in the legislation if it is not economically feasible, there would be little to no financial impact on their district.

Officials from the **Francis Howell School District** state that initial indications are that there is not a significant cost differential for “green” cleaning chemicals. They do not foresee that the proposed legislation would have a negative fiscal impact on the district, especially since the district could file an exception with DESE if there was a cost increase.

§251.560 - Collaboration among state agencies to secure grants

Officials from the **Department of Agriculture, Department of Economic Development, and the Department of Labor and Industrial Relations** assume no fiscal impact to their respective agencies.

Officials from the **Department of Natural Resources (DNR)** assume this section of the proposal requires the directors of the Departments of Labor and Industrial Relations, Elementary and Secondary Education, Agriculture, Economic Development, and Natural Resources to meet, at least twice a year, to discuss ways to secure grants established under the federal Energy Independence and Security Act of 2007.

Such grants would fund: green jobs, the production of renewable fuels, increasing energy efficiency of products, buildings and vehicles, and increasing research and development for manufacturing of renewable energy technologies. The departments are required to jointly report to the general assembly and governor each year regarding any grants secured under this proposal.

DNR may incur may be negligible costs involved with staffing or preparing reports.

Officials from the **Department of Elementary and Secondary Education** state this section will result in minimal administrative impact to their agency.

Oversight assumes these administrative costs to DNR and DESE can be absorbed with existing resources.

ASSUMPTION (continued)

§386.850- Missouri Energy Task Force

Officials from the **Department of Natural Resources (DNR)** state the Missouri Energy Task Force created by EO 05-46 shall reconvene at least one time per year for the purpose of reviewing any progress made toward meeting the recommendations set forth in the task force's final report as issued under Executive Order. The Director of the Department of Natural Resources is a member of the task force established by the executive order. Although there is no direct impact to DNR, technical support, staff support or energy-related information and/or data may be requested or supplied by the department to the meet the requirements of this section.

§383.108 - Hot weather rule for maintenance of utility service

Officials from the **Department of Economic Development - Office of Public Counsel** and the **Department of Health and Senior Services** state this section will have no fiscal impact on their respective agencies.

According to the **Department of Social Services (DOS)**, the Family Support Division (FSD) contracts with Missouri Community Action Agencies for eligibility determination and outreach. The agencies currently work with the Public Service Commission and the regulated utilities to provide information and assistance during the "cold weather rule". It is assumed the FSD and the agencies would continue the same partnership with the regulated utilities during the months the "hot weather rule" would be in effect. There is no fiscal impact on the FSD.

According to officials from the **Department of Economic Development - Public Service Commission (PSC)**, this proposal requires a program that involves agency investigation of informal and possibly formal claims of violations of "state statutes, policies and procedures". The PSC receives informal and formal consumer complaints that may involve such claims as violation of a "hot weather rule", and therefore the activities of its consumer services department would be affected. The proposal requires temperature requirements that will involve creation of a daily log of temperature predictions and the need to establish cooling degree day data and tracking for the purpose of reviewing consumer informal or formal complaints on bill disputes or discontinuance of service for non-payment. Because the PSC has not had any experience with a hot weather rule and its application or impact on Missourians, PSC officials are using the PSC's experience with the "cold weather rule" as a basis for the state fiscal impact. Accordingly, a "hot weather rule" would likely require at least one additional Consumer Services Specialist II that would handle investigation of consumer complaints with utility and customer, prepare correspondence, and prepare staff reports and testimony in connection with complaints. PSC

ASSUMPTION (continued)

officials note that the current caseload backlog has resulted in an age in excess of 30 days per case on average.

Oversight assumes that personnel who handle the "cold weather rule" could perform the duties required during the "hot weather rule" alternate season. If additional personnel are needed, they can be requested through the budget process.

§407.300, 407.301, 407.302, 407.303, 570.055, and 570.056 - Scrap metal purchases

Officials from the **Department of Public Safety - Office of the Director and Missouri State Highway Patrol, City of Columbia, Lincoln University, Missouri State University, and University of Missouri** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Corrections (DOC)** state the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost either through incarceration (FY 06 average of \$39.43 per inmate per day, or an annual cost of \$14,394 per inmate) or through supervision provided by the Board of Probation and Parole (FY 06 average of \$2.52 per offender per day, or an annual cost of \$920 per offender). Supervision by the DOC through probation or incarceration would result in additional unknown costs to the DOC. Seven (7) persons would have to be incarcerated per fiscal year to exceed \$100,000 annually. Due to the narrow scope of this new crime, it is assumed the impact would be less than \$100,000 per year for the DOC.

For the purpose of this proposed legislation, officials at the **Office of State Public Defender (SPD)** cannot assume that existing staff will provide competent, effective representation for any new cases arising where indigent persons are charged with new crimes relating to the purchase of scrap yards. It will be a new misdemeanor for scrap yards to purchase beer kegs or manholecovers or metal that can be identified as belonging to a political subdivision, electrical cooperative, municipal utility or utility regulated under Chapter 386 or 393, including bleachers,

ASSUMPTION (continued)

guardrails, signs, street or traffic signals/lights other than from those organizations unless authorized in writing.

It will also be a new misdemeanor for failure to maintain records. It will become a class C felony to steal wire, etc. associated with transmitting telecommunications and a class C felony for anyone stealing property on utility or electrical cooperatives' property.

Passage of bills increasing penalties on existing crimes, or creating new crimes, requires the SPD system to further extend resources. While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide competent and effective representation in all its cases.

Oversight assumes the SPD can absorb the additional caseload that may result from this proposal.

Officials from the **Office of Prosecution Services (OPS)** state because the provisions of this proposal creates new criminal laws, the OPS assumes it would have a direct fiscal impact on county prosecutors from an increase in the number of cases referred for prosecution. However, the OPS is not able to establish an estimate of the additional criminal cases that would be referred to the County Prosecutors for charges.

It is assumed this proposal would not have a significant direct fiscal impact on the OPS.

Oversight assumes costs to County Prosecutors will be absorbed within existing resources.

Officials from the **City of Centralia (City)** state the amount of deterred theft is speculative. In 2006, the City suffered about \$15,000 of wire theft. In 2007, the City suffered about \$6,000 in the theft of used transformers. Therefore, the City assumes the proposal may deter the theft of items covered by the proposal, but any potential savings is unknown.

§640.017 - Environmental permit coordination

Officials from the **Department of Natural Resources (DNR)** assume this proposal would allow DNR to process multiple permits for a given facility in an orderly manner that facilitates the planned work and efficiently processes the permits involved. For example a mining operation requiring air, water, and land reclamation permits would have the permits scheduled so the minor permits are scheduled consistently with the more critical permits, so neither the facility nor the

ASSUMPTION (continued)

public expend excessive time and effort on public meetings and review on individual permits when they can be combined. DNR will maintain at least the minimum public participation for each permit as required by law; processing permits closer together in time may allow the department to timely address multimedia issues that arise in public forums.

Officials from the **Department of Natural Resources (DNR)** assume new procedures would be established over time as the concept of unifying permits is refined through implementation. DNR anticipates changes to permit processing to be assimilated into the permitting processes gradually for routine multiple-permit facilities and on a case-by-case basis for individual major facilities. DNR would not anticipate a fiscal impact from this section of the proposal.

§640.153 Energy Auditors

Officials at the **Department of Natural Resources (DNR)** assume they must certify qualified home energy auditors as required under subsection 8 of §143.121, RSMo. DNR is authorized to promulgate any necessary rules to implement the provisions of this section. DNR would request .5 Energy Specialist II to implement this portion of the proposal.

§640.157 Energy Center

Officials from the **Department of Natural Resources (DNR)** state this section of the proposal authorizes DNR's Energy Center to serve as a central point of coordination for activities relating to energy sustainability in the state. The Energy Center shall consult and cooperate with other state agencies to serve as a technical advisor on sustainability issues, including but not limited to renewable energy use and green building design and construction; provide technical assistance to local governments, businesses, schools and homeowners on sustainability issues including renewable energy use and green building design and construction; and conduct outreach and education efforts about financial assistance opportunities for energy conservation to include tax incentives. DNR would request two (2) Energy Engineer II's and one (1) Office Support Assistant to implement this portion of the proposal.

§640.216 - Studies in Energy Conservation Fund

Officials from the **Department of Natural Resources (DNR)** state this section creates within the state treasury the "Studies in Energy Conservation Fund" to retain funds appropriated by the Missouri General Assembly or donations by other sources. The fund would be administered by the Department of Higher Education (DHE) in coordination with the Department of Natural

ASSUMPTION (continued)

Resources (DNR). Following the initial appropriation from the fund, a full professorship of energy efficiency and conservation would be established at the discretion of the DHE and DNR. At the time as the professorship of energy efficiency and conservation has been established, the DHE in coordination with DNR may appropriate any remaining moneys from the fund for the purpose of establishing substantially similar full professorships of energy efficiency and conservation at any public university within the state. Depending on the level of effort required to implement provisions of this section of the proposal, DNR's Energy Center may need to request additional resources through the budget process.

Officials from the **Department of Higher Education** assume their agency could perform the additional duties outlined in this section of the proposal without any additional staff or funding.

§660.115 & 660.135 - Utilicare Funding

Officials from the **Department of Social Services - Family Support Division (FSD)** states FSD currently administers an energy assistance program funded by a federal block grant (LIHEAP) with support from state general revenue, Utilicare, the past three years. Missouri has seen level federal funding of the base appropriation for FFY 07 and 08. The program has been appropriated for the past three years at the \$5 million cap with the allowed increase which totaled \$1.4 million in SFY 08.

The energy assistance program has two components: regular heating assistance and crisis (winter and summer). This legislation would have the biggest impact on the crisis component at this time. Currently, households may receive crisis assistance during a season up to the cap amount of \$600, and as long as funds are available within the program. This proposal would increase the cap amount to \$800. If appropriations remain the same, raising the amount per family from \$600 to \$800 will mean that fewer families would be serviced. FSD assumes the fiscal impact is \$0 to (Unknown), depending on appropriations.

According to the **Office of Administration - Division of Budget and Planning**, the proposed amendment to this section would remove the cost-of-living-adjustable \$5,000,000 annual cap on appropriated transfers from General Revenue to the Utilicare Stabilization Fund, and instead simply require that Utilicare Stabilization Fund "for any fiscal year shall be funded, subject to appropriations, by the general assembly." This change appears likely to result in an unknown, multi-million dollar increase over recent annual appropriations, subject to the budget process.

This Proposal Reduces Total State Revenue.

LMD:LR:OD (12/02)

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Cost - Department of Revenue - Energy</u> audit deduction and sales tax holidays (\$143.121, 144.067 & 144.526)			
Personal Services (12 FTE)	(\$224,849)	(\$277,913)	(\$286,251)
Benefits	(\$93,507)	(\$115,575)	(\$119,042)
Equipment and Expense	<u>(\$69,525)</u>	<u>(\$19,245)</u>	<u>(\$19,823)</u>
	(\$387,881)	(\$412,733)	(\$425,116)
FTE Change - DOR	12 FTE	12 FTE	12 FTE
<u>Cost - Office of Administration - FMDC</u> (\$8.812)			
Personal Services (1 FTE)	(\$59,327)	(\$72,972)	(\$74,797)
Benefits	(\$26,234)	(\$32,268)	(\$33,075)
Equipment and Expense	<u>(\$7,140)</u>	<u>(\$1,648)</u>	<u>(\$1,697)</u>
	(\$92,701)	(\$106,888)	(\$109,569)
FTE Change - COA-FMDC	1 FTE	1 FTE	1FTE
<u>Cost - Department of Natural Resources</u>			
Personal Services (5 FTE)	(\$206,644)	(\$255,412)	(\$263,074)
Benefits	(\$91,378)	(\$112,943)	(\$116,331)
Equipment and Expense	<u>(\$62,610)</u>	<u>(\$26,757)</u>	<u>(\$27,561)</u>
	(\$360,632)	(\$395,112)	(\$406,966)
FTE Change - DNR	5 FTE	5 FTE	5 FTE
<u>Cost - Department of Corrections -</u> Incarceration and probation costs (\$407.300, 570.055, 570.056)			
	(Unknown - Less than \$100,000)	(Unknown - Less than \$100,000)	(Unknown - Less than \$100,000)

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<u>Loss - General Revenue - Loss of tax revenue (Sales Tax Holidays) (\$144.067 & 144.526)</u>	(Up to \$17,837,000)	(Up to \$791,000)	(Up to \$791,000)
<u>Loss - General Revenue - Loss of tax revenue - Energy audit deduction (\$143.121)</u>	(Unknown)	(Unknown)	(Unknown)
<u>Cost - Department of Social Services - Utilicare Limit (\$660.135)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(\$Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Up to or Greater than \$18,778,214)</u>	<u>(Up to or Greater than \$1,805,733)</u>	<u>(Up to or Greater than \$1,832,651)</u>
ESTIMATED NET FTE CHANGE - GENERAL REVENUE	18 FTE	18 FTE	18 FTE
PROP C			
<u>Loss - Sales Tax Revenue</u>	(Up to \$6,875,000)	(Up to \$263,000)	(Up to \$263,000)
ESTIMATED NET EFFECT ON PROP C	<u>(Up to \$6,875,000)</u>	<u>(Up to \$263,000)</u>	<u>(Up to \$263,000)</u>
PARKS AND SOILS SALES TAX			
<u>Loss - Sales Tax Revenue</u>	(Up to \$732,000)	<u>(Up to \$26,000)</u>	<u>(Up to \$26,000)</u>
ESTIMATED NET EFFECT ON PARKS AND SOILS SALES TAX	<u>(Up to \$732,000)</u>	<u>(Up to \$26,000)</u>	<u>(Up to \$26,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2009	FY 2010	FY 2011
	(10 Mo.)		
CONSERVATION FUND			
<u>Loss</u> - Sales Tax Revenue	(Up to \$915,000)	(Up to \$33,000)	(Up to \$33,000)
ESTIMATED NET EFFECT ON CONSERVATION FUND			
	<u>(Up to \$915,000)</u>	<u>(Up to \$33,000)</u>	<u>(Up to \$33,000)</u>
STUDIES IN ENERGY CONSERVATION FUND			
<u>Transfer In</u> - General Revenue (§640.216)	Unknown	Unknown	Unknown
<u>Cost</u> - Department of Higher Education and Department of Natural Resources - Establish professorships (§640.216)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON STUDIES IN ENERGY CONSERVATION FUND			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
UTILCARE STABILIZATION FUND			
<u>Transfer In</u> - General Revenue (§660.135)	Unknown	Unknown	Unknown
<u>Disbursements</u> - Department of Social Services - Energy assistance	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON UTILICARE STABILIZATION FUND			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> - Jefferson County Building Commission - Costs of building inspections and administration of building regulations (§64.170)	Unknown	Unknown	Unknown
<u>Savings</u> - Local Governments - Reduced property replacement costs (§407.300 et al)	Unknown	Unknown	Unknown
<u>Loss</u> - Jefferson County Building Commission - License and inspection fees (§64.170)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Unknown</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

FISCAL IMPACT - Small Business

Small businesses located in certain counties would no longer have to purchase building permits or pay certain fees when undertaking repair or building projects. The proposal will administratively impact small business scrap metal businesses because of more stringent record-keeping requirements. Small businesses will see a fiscal impact to the extent they participate in the "tax holiday". They also could see an impact depending on the renewable energy cost factor to be included in the rates from the utility companies. Small businesses requiring multiple permits will have the permitting process focused so all permits are processed in concert with each other, resulting in a more concise and efficient regulatory interface.

FISCAL DESCRIPTION

This proposed legislation modifies and creates provisions regarding energy efficiency and energy conservation:

§8.810, 8.812, 8.815, 8.837 - Energy standards for state buildings

Design documents submitted to the Office of Administration for new construction or substantial renovation of certain state buildings shall include a projection of the energy savings of the building as a result of meeting the state minimum energy efficiency standard.

By January 1, 2009, the Department of Natural Resources shall modify the minimum energy efficiency standard so that it is at least as stringent as the 2006 International Energy Conservation Code (2006 IECC), or the latest version of the Code rather than the current standard of American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) Standard 90. The propo modifies the date to July 1, 2009, by which all design for state buildings over 5,000 square feet involving new construction or substantial renovation and any building over 5,000 square feet considered for purchase or lease by a state agency shall comply with the minimum energy efficiency standard. The Commissioner of the Office of Administration may exempt any state building from meeting the minimum energy efficiency standard requirement for safety reasons or when the cost of compliance is expected to exceed the energy cost savings.

§64.170 - Building Codes

Currently, the counties of Clay and Jefferson are authorized, without voter approval, to adopt building and construction regulations; require building permits; license certain building contractors; require inspections; establish and collect fees for permits, licenses, and inspections; and appoint a building commission to oversee these regulations, permits, licenses, and inspections. This proposal repeals that authority.

143.121 - Home energy audit deduction

Creates an income tax deduction for either the cost of a home energy audit conducted by an energy auditor certified by the Department of Natural Resources or for the cost of implementing any of the recommendations made in any such energy audit, or for both such activities. The deduction is limited to \$1,000 per taxpayer per year, up to \$2,000 cumulative total per taxpayer.

FISCAL DESCRIPTION (continued)

144.526 - Show Me Green Sales Tax Holiday

Creates the "Show Me Green Sales Tax Holiday." For 2009 and every year thereafter, during the seven day period beginning on April 19th and ending April 25th, all sales of Energy Star certified new appliances will be exempt from state sales tax. Political subdivisions may opt in at their choosing.

251.650 - Agency collaboration to secure grants

This section requires representatives of the Departments of Labor and Industrial Relations, Elementary and Secondary Education, Agriculture, Economic Development, and Natural Resources to meet, at least twice a year, to discuss ways to secure grants established under the federal Energy Independence and Security Act of 2007. Such grants would fund: green jobs, the production of renewable fuels, increasing energy efficiency of products, buildings and vehicles, and increasing research and development for manufacturing of renewable energy technologies. The Department of Natural Resources shall serve as the coordinating agency for the inter-agency group. The group shall report to the general assembly and governor each year regarding any grants secured under this act.

§407.300, 407.301, 407.302, 407.303, 570.055, and 570.056 - Scrap metal purchases

This proposal requires purchasers of scrap metal to keep a record of sale including a copy of a federally or state-issued form of identification from the seller, the date and time of delivery, and the description and weight of all metals. Scrap metal includes any aluminum, copper, brass or bronze wire, cable, pipe, tubing, bar, ingot, rod, fitting, or fastener, or material used for farming purposes. Records are required to be kept for a minimum of 24 months from when the scrap metal was obtained and must be available for inspection by any law enforcement agency. Violations of these provisions are a class A misdemeanor.

Scrap metal dealers are not to purchase or possess metal beer kegs unless the purchase is from the brewer or authorized representative. Violations are a class A misdemeanor punishable only by a fine.

Any person who steals or appropriates, without consent, any wire, electrical transformer, metallic wire associated with transmitting communications, or any device associated with conducting electricity will be guilty of a class C felony. In addition, any person who steals or appropriates, without consent, any property located on the premises of electrical cooperatives or municipal utilities or utilities regulated under chapter 386, RSMo, will be guilty of a class D felony.

FISCAL DESCRIPTION (continued)

640.153 & 640.157

The Department of Natural Resources' Energy Center shall serve as a central coordinator for energy sustainability activities in the state and shall carry out the duties described in the proposal. This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements.

SOURCES OF INFORMATION

Department of Economic Development
 Public Service Commission
 Office of Public Counsel
Office of Administration
 Division of Budget and Planning
 Division of Facilities Management, Design and Construction
 Administrative Hearing Commission
Department of Elementary and Secondary Education
Department of Higher Education
Department of Transportation
Department of Natural Resources
Department of Revenue
Office of Secretary of State
 Administrative Rules Division
Office of State Treasurer
Department of Agriculture
Department of Labor and Industrial Relations
Department of Insurance, Finance, and Professional Regulation
Office of State Courts Administrator
Department of Conservation
Department of Health and Senior Services
Department of Social Services
Department of Public Safety
 Office of the Director
 Fire Safety
Jefferson County
 County Counselor

SOURCES OF INFORMATION (continued)

Cities

West Plains

Centralia

Columbia

Colleges and Universities

Linn State Technical College

University of Missouri

Lincoln University

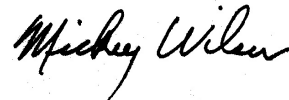
Moberly Area Community College

Kansas City Metropolitan Community College

School Districts

Francis Howell

Salisbury R-IV



Mickey Wilson, CPA

Director

May 12, 2008