

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5905-02
Bill No.: SB 920
Subject: Agriculture Department; Consumer Protection; Motor Fuel
Type: Original
Date: April 1, 2014

Bill Summary: This proposal allows the Department of Agriculture’s Weights, Measures and Consumer Protection Division to inspect certain additional devices used for fueling vehicles.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------------------------|----------------------|-----------------------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| Agriculture Protection Fund | (\$21,800 - \$25,000) | Up to \$6,400 | Up to \$12,800 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | (\$21,800 - \$25,000) | Up to \$6,400 | Up to \$12,800 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2015 | FY 2016 | FY 2017 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

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 2015 | FY 2016 | FY 2017 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

§§ 413.225 - 413.226 - Alternative Fueling Devices:

Officials from the **Department of Agriculture (AGR)** state this proposal requires device test fees to be charged for the inspection of compressed natural gas meters, liquefied natural gas meters, electrical charging stations, and hydrogen fuel meters.

AGR state this proposal requires the Weights and Measures Division to inspect compressed natural gas meters, liquefied natural gas meters, electrical charging stations, and hydrogen fuel meters.

AGR assumes it is unknown how quickly the use of alternative fuels will grow in the marketplace. AGR assumes compressed natural gas meters will double from current levels in FY16 and again in FY17. AGR does not project adoption rates beyond FY17.

AGR state Missouri currently has 4 stations with 8 retail Compressed Natural Gas (CNG) dispensers.

AGR anticipates the fee per dispenser to be \$50 and the number of dispensers will double each year going forward.

AGR assumes the following fee revenue from dispensers if the number of CNG dispensers increases as expected.

2015: 8 stations X 8 dispensers each X \$50 per dispenser = \$3,200 if fees charged in FY15.
2016: 16 stations X 8 dispensers each X \$50 per dispenser = \$6,400 if fees charged in FY16.
2017: 32 stations X 8 dispensers each X \$50 per dispenser = \$12,800 if fees charged in FY17.

AGR assumes a budget request would be submitted for FY16 to purchase the CNG dispenser testing equipment (\$25,000) and related personnel travel expenses (\$1,000 annually). Fees for CNG dispensers could be collected in FY16 after the purchase of the testing equipment.

AGR assumes any additional inspection responsibilities could be assumed by existing staff. However, continued growth of alternative fuel meters and inspections could require additional staff in the future.

ASSUMPTION (continued)

Oversight assumes this is an expansion of an existing Department of Agriculture Weights and Measures program for the purpose of regulating and measuring alternative fueling devices.

Oversight notes AGR did not request additional funding for CNG testing equipment in its FY15 budget request.

Oversight assumes any fees collected from inspections would be deposited into the Agriculture Protection Fund beginning in FY15.

Oversight notes currently CNG dispenser stations are not inspected or assessed a testing fee.

Oversight notes the Department of Agriculture - Division of Weights and Measures FY15 Governor's Recommended Budget included \$133,383 for in-state travel and \$25,459 for out of state travel.

Oversight assumes the Division of Weights and Measures accounts for travel costs in its annual budget request. Therefore, **Oversight** assumes any travel costs related to this proposal would be absorbed by AGR.

For the purpose of the fiscal note, **Oversight** will assume the initial purchase of inspection equipment, and the assessment of testing fees to CNG dispenser stations, and other alternative fueling stations will begin upon the effective date of the proposal in FY15.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume the proposed legislation would require the Department of Agriculture to establish fees for testing of compressed natural gas meters, liquefied natural gas meters, electrical charging stations, and hydrogen fuel meters.

BAP assumes any revenues generated by this fee will result in an unknown increase to total state revenue and will be subject to Article X, Section 18(e).

Officials from the **Department of Economic Development** and the **Office of Administration** each assume the proposal would not fiscally impact their respective agencies.

| <u>FISCAL IMPACT - State Government</u> | FY 2015 (10 Mo.) | FY 2016 | FY 2017 |
|--|-------------------------------------|-----------------------------|------------------------------|
| AGRICULTURE PROTECTION FUND | | | |
| <u>Income - AGR</u> | | | |
| § 413.225 - Inspection Fees | Up to \$3,200 | Up to \$6,400 | Up to \$12,800 |
| <u>Costs - AGR</u> | | | |
| §§ 413.225, 413.226 - CNG Testing Equipment | <u>(\$25,000)</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON THE AGRICULTURE PROTECTION FUND | <u>(\$21,800 - \$25,000)</u> | <u>Up to \$6,400</u> | <u>Up to \$12,800</u> |
| | | | |
| <u>FISCAL IMPACT - Local Government</u> | FY 2015 (10 Mo.) | FY 2016 | FY 2017 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

§§ 413.225 - 413.226 - Alternative Fueling Devices:

Small businesses providing compressed natural gas meters, liquefied natural gas meters, electrical charging stations, and hydrogen fuel meters could expect to pay a fee for inspections as a result of this proposal.

FISCAL DESCRIPTION

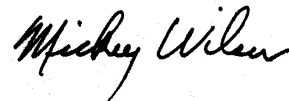
§§ 413.225 - 413.226 - Alternative Fueling Devices:

This proposal allows the Department of Agriculture's Weights, Measures and Consumer Protection Division to inspect certain additional devices used for fueling vehicles. This proposal also allows the Division to charge a fee for such inspections.

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 Agriculture
Department of Economic Development
Office of Administration
Office of Administration - Division of Budget and Planning



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April 1, 2014

Ross Strope
Assistant Director
April 1, 2014