

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4059-06  
Bill No.: HCS for SS for SB 618  
Subject: Utilities  
Type: Original  
Date: April 29, 2020

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Bill Summary: This proposal modifies provisions relating to utilities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2028)
General Revenue	Up to (\$15,000,000) to (\$17,600,000)	Up to (\$26,200,000) to (\$32,600,000)	Up to (\$30,000,000) up (\$41,100,000)	Up to (\$57,142,800) to (\$139,352,080)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Up to (\$15,000,000) to (\$17,600,000)</b>	<b>Up to (\$26,200,000) to (\$32,600,000)</b>	<b>Up to (\$30,000,000) to (\$41,100,000)</b>	<b>Up to (\$57,142,800) to (\$139,352,080)</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 24 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Fully Implemented (FY 2028)</b>
State Facility Maintenance and Operation Fund (0501)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Various State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Conservation Commission Fund (0609)	Up to (\$622,917) to (\$732,292)	Could exceed (\$881,225) up to (\$1,150,000)	Could exceed (\$1,041,250) up to (\$1,505,000)	Could exceed (\$1,904,760) up to (\$4,645,080)
Parks (0613) & Soils (0614) Sales Tax Fund	Up to (\$498,333) to (\$585,833)	Could exceed (\$705,000) up to (\$920,000)	Could exceed (\$833,000) up to (\$1,204,000)	Could exceed (\$2,380,950) up to (\$5,806,350)
School District Trust Fund (0688)	Up to (\$4,983,333) to (\$5,858,333)	Could exceed (\$7,050,000) up to (\$9,200,000)	Could exceed (\$8,330,000) up to (\$12,040,000)	Could exceed (\$19,047,600) up to (\$46,450,800)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Unknown, up to (\$6,104,583) to (\$7,176,458)</b>	<b>Unknown, up to (\$8,636,225) to (\$11,270,000)</b>	<b>Unknown, up to (\$10,204,250) to (\$14,749,000)</b>	<b>Up to (\$23,333,310) to (\$56,902,230)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Fully Implemented (FY 2028)</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Fully Implemented (FY 2028)</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Fully Implemented (FY 2028)</b>
<b>Local Government</b>	<b>Unknown, up to (\$20,025,000) to (\$23,508,133)</b>	<b>Unknown, up to (\$28,300,000) to (\$36,900,000)</b>	<b>Unknown, up to (\$33,400,000) to (\$48,300,000)</b>	<b>Unknown, up to (\$74,095,165) to (\$180,693,612)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 144.030 - Solar Energy Tax Exemption

Officials from **Department of Revenue (DOR)** assume section 144.030.2(46) provides a state and local sales/use tax exemption on certain Missouri businesses purchases of "solar photovoltaic energy distributed generation systems" and all supplies used directly to make improvements to such systems. "Solar photovoltaic energy distributed generation system" is vague as it is undefined in the statute. It is unclear what is included in the system. However, the system is qualified by a 3 part test in the statute that must be met for the exemption to qualify. The system must:

- a. allow for energy storage;
- b. Include advanced or smart meter inverter capacity; and
- c. Allow for utility scale projects greater than twenty megawatts.

DOR assumes "Supplies" is undefined and could encompass a contractor's hand tools that are used to repair/make improvements to such systems. According to the Solar Energy Industries Association there are 160 solar companies in Missouri (which include manufacturers and installers) and it is estimated the worth of the solar currently online is \$664.72 million. At the current sales tax rate of 4.225% the current \$664.72 million would have generated approximately \$28 million in state sales tax. The Department is unable to determine how many new solar systems would be created after August 28, 2020 (the effective date of this proposal).

DOR assumes this legislation will result in a decrease in total state revenues as it provides for a new sales/use tax exemption however, the amount is unknown. The Department assumes it could exceed \$1,000,000 annually.

Taxes collected are distributed 3% General Revenue, 1% Education, .125% Conservation, and .1% Park/Soils.

Estimated loss of revenue annually from solar photovoltaic energy distributed generation systems:

\$1,000,000 x 3% = \$30,000- General Revenue  
\$1,000,000 x 1% = \$10,000- Education  
\$1,000,000 x .125% = \$1,250 Conservation  
\$1,000,000 x .1% = \$1,000- Parks/Soils

ASSUMPTION (continued)

Administrative Impact

**DOR** assumes if the number of exemptions become too high, their department could require two additional processing technicians at \$24,360 annually as a result of this proposal. The Department assumes they will be able to absorb these minimal administrative costs.

**Oversight** assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal will have an unknown, could be significant, negative impact to TSR.

This proposal will impact the calculation under Article X, Section 18(e).

This proposal would create a sales tax exemption for the purchase of all solar energy generation systems as well as supplies for such systems, for purchases made by companies located within Missouri.

Based on information from the Solar Energy Industries Association, there are 160 solar companies located in Missouri. In addition, the Association estimates that the value of current online solar energy within Missouri is \$664.72M.

B&P is unable to determine how many of these systems may be sold in the future or the value of "supplies used directly to make improvements" to such systems.

Therefore, B&P estimates that this proposal will reduce TSR and GR by an unknown, could be significant, amount.

Oversight assumes the current statistical data provided by U.S. Energy Information Administration (EIA) shows a continuous 18% to 31% average future annual growth in a photovoltaic (PV system) sales in Missouri, which would better reflect the fiscal impact to this legislation.

(Retrieved from: <https://www.eia.gov/state/index.php?sid=MO#tabs-2>).

ASSUMPTION (continued)

The EIA also projects that in 2019 the Solar Power Industry provided Missouri with \$644.7 Million in sales of PV system for residential & commercial purpose. Oversight excluded the residential sales of 27.3% to arrive at the accurate commercial sales for purpose of this fiscal note. The actual commercial sales were  $\$644.7 \times (1 - .273) = \$468.7$  Million. Oversight will range the growth from Low (18%) to High (31%), as provided by EIA, for purpose of this note.

Oversight projected amount of sales (annually):

2020 Low  $(468.7 \times 1.18) = 553$  M  
 2020 High  $(468.7 \times 1.31) = 614$  M  
 2021 Low  $(553.0 \times 1.18) = 653$  M  
 2021 High  $(614.0 \times 1.31) = 804$  M  
 2022 Low  $(653.0 \times 1.18) = 771$  M  
 2022 High  $(804.0 \times 1.31) = 1.053$  B  
 2023 Low  $(771.0 \times 1.18) = 910$  M  
 2023 High  $(1.053 \times 1.31) = 1.379$  B

Tax year projection:

TY2021		TY 2022		TY 2023		TY 2028	
Low 18%	High 31%	Low	High	Low	High		
\$653 M	\$804 M	\$771 M	\$1.053 B	\$910 M	\$1.379B	\$1.924B	\$5.320B

*\*the projections are rounded to nearest whole dollar amount.*

Fiscal year projection:

FY2021		FY 2022		FY 2023		FY 2028	
Low	High	Low	High	Low	High	Low	High
\$603 M	\$709 M	\$712 M	\$929 M	\$841 M	\$1.216 B	\$1.924B	\$4.692B

*\*the projections are rounded to nearest whole dollar amount.*

Additionally, Oversight assumes the proposal would have negative fiscal impact for the Local Political Subdivisions. In recent proposal SB 648 (2020) the DOR tracked an estimated \$887,952,016 in taxable sales that came from manufacturing and estimated the total taxable sales by the population weighted average local sales tax rate for Missouri (3.86%).

ASSUMPTION (continued)

Using the same weighted average of 3.89% for local sales tax Oversight estimate the forgone tax for State & Local Political Subdivisions as shown bellow:

**Fiscal Impact (forgone sales tax collection) to the GR & TSR:**

Category	FY 2021		FY 2022	
	Low	High	Low	High
Sales in Millions	\$503M (10 M.)	\$709M (10 M.)	\$712M	\$929M
DOR - Collection Fee (1%)	(\$5,025,000)	(\$5,908,333)	(\$7,133,333)	(\$9,300,000)
Sales in (M) after DOR's Collection Fees	(\$498M)	(\$586M)	(\$705M)	(\$920M)
GR (3%)	(\$15,000,000)	(\$17,600,000)	(\$21,200,000)	(\$27,600,000)
Education Trust Fund (1%)	(\$4,983,333)	(\$5,858,333)	(\$7,050,000)	(\$9,200,000)
MDC (.125%)	(\$622,917)	(\$732,292)	(\$881,250)	(\$1,150,000)
Park and Soil (.1%)	(\$498,333)	(\$585,833)	(\$705,000)	(\$920,000)
Locals	(\$19,385,170)	(\$22,788,917)	(\$27,424,500)	(\$35,788,000)

ASSUMPTION (continued)

Category	FY 2023		FY 2028	
	Low	High	Low	High
Sales in Millions	\$841M	\$1.216B	\$19.924B	\$4.692B
DOR - Collection Fee (1%)	(\$8,400,000)	(\$12,166,670)	(\$19,904,760,000)	(\$4,645,080,000)
Sales in (M) after DOR's Collection Fees	(\$833M)	(\$1.204B)	(\$1.924B)	(\$4.692B)
GR (3%)	(\$25,000,000)	(\$36,100,000)	(\$57,142,800)	(\$139,352,400)
Education Trust Fund (1%)	(\$8,333,333)	(\$12,040,000)	(\$19,047,600)	(\$4,645,080)
MDC (.125%)	(\$1,041,250)	(\$1,505,000)	(\$1,904,760)	(\$4,645,080)
Park and Soil (.1%)	(\$833,000)	(\$1,204,000)	(\$2,380,950)	(\$5,806,350)
Locals	\$32,403,700	(\$46,835,600)	(\$74,095,164)	(\$180,693,612)

*\* each category multiplied by appropriate percentage per trust fund as specified by constitutional & statutory provisions (i.e. Article IV. a, b & DOR weighted average sales tax for local political subdivisions), and rounded to nearest whole dollar amount*

Officials from the **Missouri Department of Conservation** stated that this proposal would have an unknown fiscal impact but greater than \$100,000. The Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution. Any change in sales and use tax collected would affect revenue to the Conservation Sales Tax funds.



ASSUMPTION (continued)

However, the initiative is very complex and may require adjustments to Missouri sales tax law which could cause some downside risk to the Conservation Sales Tax. The Department assumes the Department of Revenue would be better able to estimate the anticipated fiscal impact that would result from this proposal.

Officials from the **Department of Natural Resources** state creating the sales tax exemption for all purchases by a Missouri company of solar photovoltaic energy distributed generation systems and all purchases of supplies used directly to make improvements to such systems could decrease the amount of funding available in the Parks and Soils Sales Tax Funds for long term operation of Missouri's state parks and historic sites as well as assistance to agricultural landowners through volunteer programs.

The Department's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Article IV Section 47(a) of the Missouri Constitution. Therefore, the sales tax exemption could result in an unknown loss to the Parks and Soils Sales Tax Funds.

The Department assumes the Department of Revenue would be better able to estimate the anticipated fiscal impact that would result from this proposal.

In response to a similar proposal from this year (HB 2658), officials from the **City of Springfield** assumed there is potentially a negative fiscal impact, but the degree of that impact is uncertain. It is unclear how many purchases are made inside City limits "by a Missouri company of solar photovoltaic energy distributed generation systems", and what sales taxes the City currently collects from those purchases.

In response to a similar proposal from this year (HB 2658), officials from **Kansas City** stated this legislation creates a sales tax exemption and therefore has a negative fiscal impact to Kansas City because it limits the City's ability to collect sales tax. We are unable to estimate the loss in sales tax revenue.

ASSUMPTION (continued)

Section 393.1009 - Gas Utility Plan Projects

Officials from the **Department of Commerce and Insurance (DCI) - Office of the Public Counsel (OPC)** assume there would be a need for an additional Public Utility Accountant I-III at \$50,112 annually to review the increased costs included in ISRS petitions, the increased projects, plant, and costs that will be reviewed in general rate cases. The cost for such analyst would be approximately \$65,000 annually.

**Oversight** assumes this legislation will not generate a sufficient workload for the OPC to require an additional FTE, and therefore assume DCI-OPC could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DCI-OPC could request funding through the appropriation process.

Section 393.1012

Officials from the **Office of Administration (OA) - Facilities Management Design and Construction (FMDC)** stated that the increase to gas service anywhere in the state individually or when combined with ISRS shall not produce revenues in excess of ten percent of the gas corporation's base revenue. And the commission may not approve an ISRS if the revenues exceed ten percent.

FMDC used a four year average (FY16 - FY19) of Natural Gas, Propane and Fuel Oil cost equaling \$3,533,122 and applied a 1%, 5% and 10% increase to determine the maximum amount that could be charged based on this legislation.

		<b>1.00%</b>	<b>5.00%</b>	<b>10.00%</b>
<b>Gas with Fuel Oil</b>	\$3,533,122	\$35,331	\$176,656	\$353,312

**Oversight** assumes this proposal allows gas corporations to file a petition and propose rate schedules with the Public Service Commission to establish or change ISRS rate schedules (that will allow for adjustment of the gas corporation's rate and charges to provide for the recovery cost).

ASSUMPTION (continued)

Section 393.1900

**Oversight** assumes section 393.1900 of the proposal prohibits the discontinuance of gas or electric service to residential users for nonpayment of bills during any state of emergency declaration.

**Oversight** assumes these sections of the proposal could increase utility costs for the Office of Administration as well as other state agencies and local governments. Since it is unknown how many additional amortizations will be authorized (if any), Oversight will range the cost from \$0 (no utility will increase rates) to an unknown amount to the State Facility Maintenance and Operation Fund (0501) and a \$0 to unknown cost to the General Revenue Fund, Other State Funds and local political subdivisions.

In response to a previous version, officials from the **Department of Commerce and Insurance (Public Service Commission)**, the **Department of Natural Resources** and the **Department of Transportation** each assumed the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Section 523.262 - Eminent Domain

**Oversight** assumes this proposal could impact the Grain Belt Express project in northern Missouri. According to a report by the Public Service Commission (File No. EM-2019-0150), the Grain Belt Express Project line is “sited to traverse Buchanan, Clinton Caldwell, Carroll, Chariton, Randolph, Monroe and Ralls Counties, Missouri. The Grain Belt Express Project covers approximately 780 miles, and the project will primarily use a pole design which has a smaller footprint than traditional alternating current transmission lines. The structures will occupy ten acres for the entire state of Missouri.” The Joint Application of Invenergy Transmission LLC, Invenergy Investment Company LLC, Grain Belt Express Clean Line LLC and Grain Belt Express Holding LLC for an Order Approving the Acquisition by Invenergy

ASSUMPTION (continued)

Transmission LLC of Grain Belt Express Clean Line LLC was approved by the PSC effective June 30, 2019.

**Oversight** notes that this proposal narrows the scope of the bill by stating which entities are excluded from the new provisions. Oversight notes that while there may be no direct impact to the state or local governments as a result of this proposal, modifying provisions relating to the power of eminent domain for utility purposes could have an indirect impact on current and future utility projects.

Section 610.021 - Modifies provisions for the Sunshine Law

In response to a similar proposal from this year (HCS for HB 2725), officials at the **City of Kansas City, City of O’Fallon, City of Columbia,** and the **Wellsville-Middletown R-I public schools** each assumed this proposal has no fiscal impact.

In response to a similar proposal from this year (HCS for HB 2725), officials from the **City of Springfield** state they would anticipate incurring modest expense in duplicating the written testimonies of members of the public if a public emergency caused the failure of equipment or otherwise curtailed the ability to scan the testimony for electronic dissemination, but any such costs would likely be very minor. The City anticipates no significant fiscal impact.

**Oversight** notes that political subdivisions would have to live stream restricted meetings or make recordings of the meetings available afterwards. Oversight notes there are applications (such as Facebook Live) available that would satisfy the requirements of the proposal and are free (or nearly so) to use. Therefore, Oversight assumes that subdivisions can absorb the minimal costs of these requirements with existing resources.

Section 620.2459 - Broadband Internet Grant Program

Officials from the **Office of Administration - Budget & Planning Division (B&P)** state this proposal will have no direct impact on General Revenue (GR) and Total State Revenues (TSR) or the calculation pursuant to Article X, Section 18e.

For Fiscal Year 2020, \$5 million is appropriated for the Broadband program. This proposal extends the program to August 28, 2027. To the extent new appropriations are made from GR,

ASSUMPTION (continued)

resources otherwise available for other budget priorities might be reduced.

This proposal may result in additional induced revenues, which B&P cannot estimate.

**Oversight** notes HB 7 of the 2019 Regular Session appropriated \$5 million for the Broadband Internet Grant Program. Oversight also notes the current version of HB 2007 (2020) has no appropriation for the program

In response to a similar proposal from this year (SB 632), officials from the **Missouri Department of Economic Development (DED)** stated, because the grant program is subject to appropriation, the impact to GR is not yet known.

Based on the current appropriation, the cost could be equal to or exceed \$5 million. DED anticipates the need for an additional 0.5 FTE (Economic Development Specialist III - 26,163 annually) to assist with program administration, logistics, and compliance.

**Oversight** notes DED has stated an additional .5 FTE is required to assist with program administration, logistics, and compliance. Oversight assumes, as this is an existing program under DED, that DED could absorb the costs associated with the extension of the sunset date. Oversight further assumes if the program is appropriated revenues that generate a significant increase in applicants who wish to awarded a grant under this program, DED may seek additional FTE through the appropriation process.

**Oversight** notes this proposed legislation the sunset date of the Broadband Internet Grant Program from August 28, 2021 to August 28, 2027. Oversight notes \$5,000,000 was appropriated to the program for Fiscal Year 2020. Oversight notes this program is subject to appropriation each year and, therefore, the fiscal impact cannot be quantified until future appropriations are made by the General Assembly.

For purposes of this fiscal note, Oversight will report a negative fiscal impact that could exceed the amount equal to Fiscal Year 2020's appropriation for the program of \$5,000,000.

ASSUMPTION (continued)

Sections 640.141, 640.142, 640.144, & 640.145 - Water Safety and Security

In response to a similar proposal from this year (HB 2120), officials from the **City of Kansas City** assumed the proposal will have no fiscal impact on their organization. Exceptions have been created in various provisions of the proposal for cities with populations in excess of 30,000.

**Oversight** notes that the City of Kansas City has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for the City of Kansas City.

**Oversight** notes that cities with a population of less than 30,000 could incur costs to upgrade their water systems and perform the required inspections listed in this proposal; therefore, Oversight will reflect an “unknown” cost to local political subdivisions.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and water districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

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Bill as a whole:

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

**Oversight** assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from the **Department of Transportation** assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

In response to a previous version, officials from the **Attorney General's Office, Department of Social Services, Office of the State Public Defender, Department of Higher Education, Department of Health and Senior Services, Department of Corrections, Department of Labor and Industrial Relations, Department of Public Safety (Fire Safety, Missouri Highway Patrol, Capitol Police, Alcohol & Tobacco Control, Gaming Commission, Missouri National Guard, State Emergency Management Agency and the Veterans Commission), Missouri Lottery Commission, Missouri Consolidated Health Care Plan, Missouri House of Representatives, Office of Prosecution Services, Office of Administration (Administrative Hearing Commission), Office of the State Courts Administrator, Office of the State Auditor, Missouri Senate, and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

<u>FISCAL IMPACT -</u>				Fully
<u>State Government</u>	FY 2021	FY 2022	FY 2023	Implemented
	(10 Mo.)			(FY 2028)

**GENERAL  
 REVENUE FUND**

Cost - §§393.1012 -  
 393.1900

Office of Administration	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
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Potential increase  
 in utility costs  
 p. 11

<u>Loss - DOR</u>	Up to	Up to	Up to	Up to
§144.030 - loss of revenue due to a sales tax exemption for Solar Systems p.7	(\$15,000,000) to (\$17,600,000)	(\$21,200,000) to (\$27,600,000)	(\$25,000,000) to (\$36,100,000)	(\$57,142,800) to (\$139,352,080)

Revenue Reduction -  
 § 620.2459 -  
 extended expiration  
 date of the  
 Broadband Internet  
 Grant Program  
 (subject to  
 appropriation)  
 p. 14

<u>\$0</u>	Could exceed <u>(\$5,000,000)</u>	Could exceed <u>(\$5,000,000)</u>	Could exceed <u>(\$5,000,000)</u>
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**ESTIMATED NET  
 EFFECT ON  
 GENERAL  
 REVENUE FUND**

<u>Up to</u>	<u>Up to</u>	<u>Up to</u>	<u>Up to</u>
<u>(\$15,000,000) to</u>	<u>(\$26,200,000) to</u>	<u>(\$30,000,000) to</u>	<u>(\$62,142,800) to</u>
<u>(\$17,600,000)</u>	<u>(\$32,600,000)</u>	<u>(\$41,100,000)</u>	<u>(\$44,352,080)</u>



<u>FISCAL IMPACT -</u> <u>State Government</u> <u>(continued)</u>	<u>FY 2021</u> <u>(10 Mo.)</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>Fully</u> <u>Implemented</u> <u>(FY 2028)</u>
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**SATE FACILITY  
 MAINTENANCE  
 AND OPERATION  
 FUND (501)**

Cost - §§393.1012 -  
 393.1900  
 Office of  
 Administration

Potential increase in utility costs p. 11	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
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**ESTIMATED NET  
 EFFECT TO THE  
 SATE FACILITY  
 MAINTENANCE  
 AND OPERATION  
 FUND (501)**

<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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FISCAL IMPACT - State Government (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2028)
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**VARIOUS STATE FUNDS**

Cost - §§393.1012 -  
393.1900

Various State  
Agencies

Potential increase  
in gas utility costs  
p. 11

<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
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**ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS**

<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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**CONSERVATION COMMISSION FUND**

Loss - DOR  
§144.030 - loss of  
revenue due to a  
sales tax exemption  
for Solar Systems  
p.7

<u>Up to (\$622,917)</u> <u>to (\$732,292)</u>	<u>Up to (\$881,225)</u> <u>to (\$1,150,000)</u>	<u>Up to</u> <u>(\$1,041,250) to</u> <u>(\$1,505,000)</u>	<u>Up to</u> <u>(\$1,904,760) to</u> <u>(\$4,645,080)</u>
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**ESTIMATED NET EFFECT ON THE CONSERVATION COMMISSION FUND**

<u>Up to</u> <u>(\$622,917) to</u> <u>(\$732,292)</u>	<u>Up to</u> <u>(\$881,225) to</u> <u>(1,150,000)</u>	<u>Up to</u> <u>(\$1,041,250) to</u> <u>(\$1,505,000)</u>	<u>Up to</u> <u>(\$1,904,760) to</u> <u>(\$4,645,080)</u>
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FISCAL IMPACT - State Government (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2028)
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**PARKS/SOILS  
 SALES TAX  
 FUNDS**

Loss - DOR §144.030 -loss of revenue due to a sales tax exemption for Solar Systems p.7	<u>Up to (\$498,333)</u> <u>to (\$585,833)</u>	<u>Up to (\$705,000)</u> <u>to (\$920,000)</u>	<u>Up to (\$833,000)</u> <u>to (\$1,204,000)</u>	<u>Up to</u> <u>(\$2,380,950) to</u> <u>(\$5,806,350)</u>
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<b>ESTIMATED NET EFFECT ON THE PARKS/SOILS SALES TAX FUNDS</b>	<u><b>Up to</b></u> <u><b>(\$498,333) to</b></u> <u><b>(\$585,833)</b></u>	<u><b>Up to</b></u> <u><b>(\$705,000) to</b></u> <u><b>(\$920,000)</b></u>	<u><b>Up to</b></u> <u><b>(\$833,000) to</b></u> <u><b>(\$1,204,000)</b></u>	<u><b>Up to</b></u> <u><b>(\$2,380,950) to</b></u> <u><b>(\$5,806,350)</b></u>
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FISCAL IMPACT -

State Government  
 (continued)

FY 2021  
 (10 Mo.)

FY 2022

FY 2023

Fully  
Implemented  
 (FY 2028)

**SCHOOL  
 DISTRICT TRUST  
 FUND**

Loss - DOR  
 §144.030 -loss of  
 revenue due to a  
 sales tax exemption  
 for Solar Systems  
 p. 7

Up to  
 (\$4,983,333) to  
 (\$5,858,333)

Up to  
 (\$7,050,000) to  
 (\$9,200,000)

Up to  
 (\$8,330,000) to  
 (12,040,000)

Up to  
 (\$19,047,600) to  
 (46,450,800)

**ESTIMATED NET  
 EFFECT ON THE  
 SCHOOL  
 DISTRICT TRUST  
 FUND**

Up to  
 (\$4,983,333) to  
 (\$5,858,333)

Up to  
 (\$7,050,000) to  
 (\$9,200,000)

Up to  
 (\$8,330,000) to  
 (12,040,000)

Up to  
 (\$19,047,600) to  
 (46,450,800)

FISCAL IMPACT -

Local Government

FY 2021)

FY 2022  
(10 Mo.)

FY 2023

Fully  
Implemented  
(FY 2028)

**LOCAL  
POLITICAL  
SUBDIVISIONS**

Cost - Local Governments  
 Potential increase in electric utility costs p. 11  
 \$0 to (Unknown) \$0 to (Unknown) \$0 to (Unknown) \$0 to (Unknown)

Cost - §§640.142, 640.144, & 640.145  
 Local City-Owned Utilities/Water Districts  
 Update water systems and perform inspections p.15  
 (Unknown) (Unknown) (Unknown) (Unknown)

Loss - DOR §144.030 - loss of revenue due to a sales tax exemption for Solar Systems p.7  
 Up to Up to Up to Up to  
(\$20,025,000) to (\$28,300,000) to (\$33,400,000) to (\$74,095,164) to  
(\$23,508,133) (\$36,900,000) (\$48,300,000) (\$180,693,612)

**ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS**  
(Unknown, Up to (\$20,025,000) to (\$23,508,133) (Unknown, Up to (\$28,300,000) to (\$36,900,000) (Unknown, Up to (\$33,400,000) to (\$48,300,000) (Unknown, Up to (\$74,095,164) to (\$180,693,612)

### FISCAL IMPACT - Small Business

This proposed legislation could impact any small business that would not have been awarded a grant had the sunset/expiration date of this program be extended.

Small business gas utility customers could expect fiscal impact as a result of this proposal as this legislation allows for cost recovery of investments through cost-recovery mechanisms.

Small utility businesses and/or small businesses that are impacted by eminent domain could be impacted by this proposal.

There may be a direct fiscal impact to those public water systems that meet the definition of a small business as a result of this proposal. This may include not only those systems that will be regulated, but also any small business that may have to adjust water rates to allow the water system to comply with this bill.

Small agricultural businesses could have a positive fiscal impact as a result of this proposal.

### FISCAL DESCRIPTION

This proposal modifies provisions relating to utilities.

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

Attorney General's Office  
Department of Commerce and Insurance  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Higher Education  
Department of Health and Senior Services  
Department of Mental Health  
Department of Natural Resources  
Department of Corrections  
Department of Labor and Industrial Relations

SOURCES OF INFORMATION (continued)

Department of Revenue  
Department of Public Safety  
    Office of the Director  
    Division of Alcohol and Tobacco Control  
    Capitol Police  
    Fire Safety  
    Missouri Gaming Commission  
    Missouri Highway Patrol  
    Missouri National Guard  
    State Emergency Management Agency  
    Veterans Commission  
Department of Social Services  
Office of the Governor  
Joint Committee on Administrative Rules  
Missouri Lottery Commission  
Legislative Research  
Missouri Consolidated Health Care Plan  
Missouri Department of Agriculture  
Missouri Department of Conservation  
Missouri Ethics Commission  
Missouri House of Representatives  
Office of the Lieutenant Governor  
Department of Transportation  
Missouri State Employee's Retirement System  
MoDOT & Patrol Employees' Retirement System  
Office of Prosecution Services  
Missouri State Employee's Retirement System  
MoDOT & Patrol Employees' Retirement System  
Office of Administration  
    Administrative Hearing Commission  
    Budget and Planning  
Office of the State Courts Administrator  
Office of the State Auditor  
Missouri Senate  
Office of the Secretary of State

SOURCES OF INFORMATION (continued)

Office of the State Public Defender  
Office of the State Treasurer  
State Tax Commission  
City of Springfield  
Kansas City  
City of O'Fallon  
Wellsville-Middletown R-I public schools



Julie Morff  
Director  
April 29, 2020



Ross Strobe  
Assistant Director  
April 29, 2020