

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4466-01
Bill No.: HB 1862
Subject: Energy; Housing; Public Service Commission; Natural Resources Department;
Utilities
Type: Original
Date: April 21, 2008

Bill Summary: Establishes the Missouri Alternative Energy Loan Authority to provide low-interest loans to public and private entities for financing renewable energy products and services

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-----------------------|-------------------------------|-------------------------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| General Revenue | (\$15,176,677) | (\$187,999 to Unknown) | (\$193,638 to Unknown) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$15,176,677) | (\$187,999 to Unknown) | (\$193,638 to Unknown) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

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

| 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 | 2.5 FTE | 2.5 FTE | 2.5 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 2.5 FTE | 2.5 FTE | 2.5 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 to (Unknown) | Unknown to (Unknown) | Unknown to (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Senate** that this proposal either has no fiscal impact as it relates to their agency or minimal costs which can be absorbed by present appropriations.

Officials from the **Office of the Governor** state this proposal will result in no added cost to the Governor's Office.

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 Treasurer** state that the proposal, as written, has no direct fiscal impact on their agency.

Officials from the **Department of Economic Development - Public Service Commission (PSC)** and **Office of Public Counsel** state this proposal does not affect the PSC other than including the Public Service Commission in the definition section of the proposal.

Officials from the **Department of Natural Resources (DNR)** assume the department's Energy Center would require resources to carry out the duties that would result from this proposal with regard to rule making, financial administration including loan application review, technical review and loan closing; general and specific inquiries regarding loans available through the Authority and record retention.

DNR assumes they would request one (1) Energy Specialist II, one (1) Energy Engineer II and 0.5 Office Support Assistant to implement this proposal.

Oversight assumes that it is not known if all of the initial appropriation of \$15,000,000 to the Missouri Alternative Energy Loan Authority Fund will be distributed the first year to eligible entities or if there will be carryover to future years. **Oversight** further assumes that income in the ASSUMPTION (continued)

form of loan repayments, fees, and charges may begin to be credited to the fund beginning in FY 2009.

| <u>FISCAL IMPACT - State Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|--|------------------------------|--|--|
| GENERAL REVENUE | | | |
| Cost - Appropriation to Missouri Alternative Energy Loan Fund | (\$15,000,000) | (\$0 to Unknown) | (\$0 to Unknown) |
| <u>Cost - Department of Natural Resources</u> | | | |
| Personal Services (2.5 FTE) | (\$93,225) | (\$115,226) | (\$118,683) |
| Benefits | (\$41,224) | (\$50,953) | (\$52,482) |
| Equipment and Expense | <u>(\$42,228)</u> | <u>(\$21,820)</u> | <u>(\$22,473)</u> |
| Total Cost - DNR | <u>(\$176,677)</u> | <u>(\$187,999)</u> | <u>(\$193,638)</u> |
| FTE Change - DNR | 2.5 FTE | 2.5 FTE | 2.5 FTE |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$15,176,677)</u> | <u>(\$187,999 to Unknown)</u> | <u>(\$193,638 to Unknown)</u> |
| Estimated Net FTE Change for General Revenue | 2.5 FTE | 2.5 FTE | 2.5 FTE |

| <u>FISCAL IMPACT - State Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|---|---------------------|---------|---------|
|---|---------------------|---------|---------|

**MISSOURI ALTERNATIVE
 ENERGY LOAN AUTHORITY FUND**

| | | | |
|---|--------------|----------------|----------------|
| <u>Income</u> - General Revenue - Appropriation | \$15,000,000 | \$0 to Unknown | \$0 to Unknown |
| <u>Income</u> - Loan repayments, fees and charges | Unknown | Unknown | Unknown |
| <u>Cost</u> - Loans to qualifying entities | (Unknown) | (Unknown) | (Unknown) |
| <u>Cost</u> - Expenses of Missouri Alternative Energy Loan Authority | (Unknown) | (Unknown) | (Unknown) |

**ESTIMATED NET EFFECT ON
 MISSOURI ALTERNATIVE
 ENERGY LOAN AUTHORITY FUND**

Unknown to
(Unknown) **Unknown to**
(Unknown) **Unknown to**
(Unknown)

FISCAL IMPACT - Local Government FY 2009 FY 2010 FY 2011
 (10 Mo.)

LOCAL POLITICAL SUBDIVISIONS

| | | | |
|---|-----------|-----------|-----------|
| <u>Income</u> - Loans from Missouri Alternative Energy Loan Authority | Unknown | Unknown | Unknown |
| <u>Savings</u> - Reduced utility costs | Unknown | Unknown | Unknown |
| <u>Cost</u> - Renewable energy projects and energy efficiency and related expenses | (Unknown) | (Unknown) | (Unknown) |
| <u>Cost</u> - Loan repayments, fees and charges | (Unknown) | (Unknown) | (Unknown) |

**ESTIMATED NET EFFECT ON
 LOCAL POLITICAL SUBDIVISIONS**

Unknown to
(Unknown) **Unknown to**
(Unknown) **Unknown to**
(Unknown)

FISCAL IMPACT - Small Business

The bill would stimulate the availability, sale and installation of energy efficiency and renewable energy products throughout the state.

FISCAL DESCRIPTION

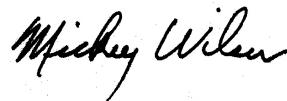
This proposed legislation establishes the Missouri Alternative Energy Loan Authority, within the Department of Natural Resources, to provide low-interest loans to public and private entities for the purpose of financing various energy-saving projects and services. The authority will consist of seven members appointed by the Governor with the advice and consent of the Senate. The authority must file an annual financial statement with the department director.

An initial appropriation of \$15 million to the newly created Missouri Alternative Energy Loan Authority Fund will be made; and the fund may receive annual appropriations from the General Assembly as well as from any gifts, contributions, grants, or bequests.

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
Department of Natural Resources
Office of the Governor
Missouri Senate
Office of State Treasurer
Office of Secretary of State
 Administrative Rules Division



Mickey Wilson, CPA
Director
April 21, 2008