

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6307-02  
Bill No.: HB 2078  
Subject: Tax and Revenue - Property; Corporations  
Type: Original  
Date: March 11, 2014

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Bill Summary: This proposal allows electrical corporations to recover prudently incurred transmission expenses and government-mandated property taxes.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Revenue** assume the current proposal would not fiscally impact their agency.

In response to a similar proposal from this session, SB 708, officials from the **Department of Economic Development - Division of Energy**, the **Department of Economic Development - Public Service Commission** and the **State Tax Commission** each assumed the proposal would not fiscally impact their respective agencies.

In response to a similar proposal from this session, SB 708, officials from the **Department of Economic Development - Office of the Public Counsel (OPC)** assumed the need for three additional FTE to implement this proposal. The OPC did not provide an estimated cost for the additional FTE; however, in response to proposal from 2013 in which they also anticipated requiring three additional FTE, they provided an expected cost of approximately \$225,000 to the Public Service Commission Fund.

**Oversight** is unsure if this proposal will result in electrical corporations raising their rates before their scheduled general rate proceeding, causing the state government and local political subdivisions to pay higher rates for electricity before such changes are approved by the PSC. Oversight will reflect a potential additional cost to state and local governments from this possibility. Oversight assumes the regulatory asset or liability account will not be controlled by the State Treasurer.

**Oversight** assumes the Department of Economic Development - Public Service Commission and Office of the Public Counsel could absorb any additional duties resulting from this proposal within current appropriation levels; therefore, Oversight will assume no additional costs to the OPC.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE</b>			
<u>Costs</u> - potential for higher utility rates by utility companies recovering prudently incurred transmission expenses	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Costs</u> - potential for higher utility rates by utility companies recovering prudently incurred transmission expenses	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

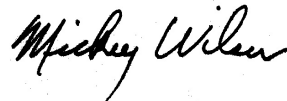
This proposal allows electrical corporations to recover prudently incurred transmission expenses and government-mandated property taxes by placing such expenses in a regulatory asset or liability account. The balance in the account shall then be used to determine the electrical corporation's revenue requirement in their next general rate proceeding. This act exempts electrical corporations with more than one million customers.

This act expires August 27, 2018.

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

State Tax Commission  
Department of Revenue  
Department of Economic Development  
Division of Energy  
Public Service Commission  
Office of the Public Counsel



Mickey Wilson, CPA  
Director  
March 11, 2014

Ross Strobe

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