

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1565S.09T
Bill No.: Truly Agreed To and Finally Passed SS for SCS for HCS for HB 697
Subject: Boards, Commissions, Committees, Councils; Contracts and Contractors; Energy;
Property, Real and Personal; Taxation and Revenue - Property; Utilities
Type: Original
Date: June 9, 2021

Bill Summary: This proposal modifies provisions relating to property assessment contracts for energy efficiency.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	(Greater than \$100,000)	(Greater than \$100,000)	(Greater than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Commerce and Insurance (DCI)** assume this proposal would require the Division of Finance (DOF) to examine residential PACE boards and their program administrators in Missouri.

There are currently four Residential PACE districts (or boards) operating in Missouri. At this time, DCI cannot estimate how long it would take to perform examinations of the PACE boards and their program administrators since those reviews will be based on standards and rules that cannot be promulgated until the legislation becomes effective. At this time, neither the number nor the complexity of the reviews can be determined. The cost for each examination may not exceed \$5,000 subject to increase or decrease on an annual basis according to the Implicit Price Deflator for Personal Consumption Expenditures as published by the Bureau of Economic Analysis of the United States Department of Commerce.

For the sake of this estimate, DOF assumes that each review will take approximately 40 hours to complete. Using this estimate, the estimated cost per entity examined would be \$2,026 bi-annually. Based on the four current PACE districts in operation, DOF estimates that biannual income of \$8,104 would be deposited into the Division of Finance Fund. It is anticipated the cost for the review would be pro-rated to each participating municipality. This estimate is subject to change based on the undetermined factors listed above.

DOF assumes that any costs associated with this proposal would be offset by the examination fees paid by the PACE districts and program administrators. DOF anticipates current staffing levels could absorb the additional workload; and therefore, there will be no need for additional FTE or appropriation authority. If the bill changes significantly, or unanticipated factors increase the expected workload such that additional resources will be necessary to implement this legislation, DOF would pursue those resources through the appropriations process.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero net impact in the fiscal note to the DCI.

Oversight notes the proposal caps the fees for examinations at \$5,000.

Officials from the **Attorney General's Office, Department of Natural Resources, Office of the State Auditor and Office of the State Treasurer** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for those agencies.

In response to a previous version, officials from the **City of Kansas City** assumed this legislation provides that the City Collector may be responsible for collection (should the City desire to take part) and the City may still cover costs of the examination (as the program administrator), the legislation could therefore result in an unknown, negative fiscal impact on Kansas City.

Oversight does not have any information to the contrary in regards to the City of Kansas City's assumptions; therefore, Oversight will reflect an unknown cost to local political subdivisions on the fiscal note.

Officials from the **City of Springfield** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

In response to a previous version, officials from the **City of Claycomo, City of Corder, City of Hughesville** and **Lincoln County Assessor** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a previous version, officials from the **City of O'Fallon** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

In response to a previous version, officials from the **St. Louis County Assessor** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Oversight did not receive responses as to the fiscal impact of this version of the proposal from any of the Clean Energy/PACE boards. Oversight is unable to verify previous assumptions provided by these Clean Energy/PACE boards in response to similar proposals. However, Oversight assumes these boards will incur increased costs to comply with this proposal. Therefore, Oversight will reflect a cost to local political subdivisions of "Greater than \$100,000" for each fiscal year. Oversight will not reflect the loss of revenue estimated by these boards as this would be an indirect fiscal impact.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, PACE boards, cities, counties, county collectors, county assessors and county recorders 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> - Cities/Counties - to comply with requirements of this proposal	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - PACE/Clean Energy Boards - to comply with requirements of this proposal	(Greater than <u>\$100,000</u>)	(Greater than <u>\$100,000</u>)	(Greater than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	(Greater than <u>\$100,000</u>)	(Greater than <u>\$100,000</u>)	(Greater than <u>\$100,000</u>)

FISCAL IMPACT – Small Business

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

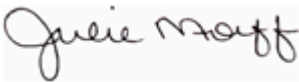
FISCAL DESCRIPTION

The proposed legislation modifies provisions relating to property assessment contracts for energy efficiency.

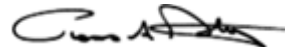
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Attorney General's Office
Department of Natural Resources
Office of the State Auditor
Office of the State Treasurer
City of Claycomo
Jackson County
Lincoln County Assessor
City of O'Fallon
City of Kansas City
City of Springfield
St. Louis County Assessor
Clean Energy Development Board of the City of St. Louis
Clean Energy Development Board of St. Louis County
City of Corder
City of Hughesville



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June 9, 2021



Ross Strobe
Assistant Director
June 9, 2021