COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1660H.09T
Bill No.: Truly Agreed To and Finally Passed CCS for SS for SCS for HCS for HB 734
Subject: Utilities
Type: Original
Date: June 8, 2021

Bill Summary: This proposal creates provisions relating to utilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue Fund*	$0 to (Could exceed $100,000)	$0 to (Could exceed $100,000)	$0 to (Could exceed $100,000)
Total Estimated Net Effect on General Revenue	**$0 to (Could exceed $100,000)**	**$0 to (Could exceed $100,000)**	**$0 to (Could exceed $100,000)**

*The (unknown) impact reflects the possibility of the state and local political subdivisions paying higher utility costs as a result of the changes in the proposal. Oversight assumes potential fiscal impact of higher utility costs would not reach the $250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Public Service Commission Fund (607)*	$0 or Unknown	$0 or Unknown	$0 or Unknown
Blind Pension Fund	$0	$0	Unknown to (Unknown)
Other State Funds	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Colleges and Universities	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Total Estimated Net Effect on Other State Funds	**$0 to (Unknown)**	**$0 to (Unknown)**	**Unknown to (Unknown)**

*The positive unknown is from §386.370, which raises the cap on the assessment that the Public Service Commission is allowed to levy utilities to fund their organization.

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

FISCAL ANALYSIS

ASSUMPTION

§137.123 – Assessment of Wind Energy Projects
Officials from the **State Tax Commission (STC)** have reviewed this proposal and determined an unknown fiscal impact on school districts and other local taxing jurisdictions (cities, counties and fire districts) who rely on property tax as a source of revenue which wind energy projects owned by a public utility has tax situs. The bill establishes that wind energy projects (all real and personal property excluding land) will be assessed using a depreciation methodology (37 1/2 %) of the original cost in year one, provided in Section 137.123. The fiscal impact for those taxing jurisdictions in which a wind energy facility has tax situs will be determined by the size, number and scope of the wind energy projects.

Officials from the **Budget and Planning (B&P)** assumed this provision may impact TSR. This provision may impact the calculation under Article X, Section 18(e).

B&P notes this section of the proposal would require all real and tangible personal property, except land, associated with a wind energy project be depreciated at thirty-seven and one-half percent of the original costs. B&P notes that currently such property uses the depreciation schedule in Section 137.122. Therefore, B&P estimates that these sections may impact TSR and the Blind Pension Trust Fund if the use of the new depreciation schedule changes the assessed values of relevant property. In addition, these sections may impact the calculation under Article X, Section 18(e).

This proposal would also repeal Section 393.1073 which established the "Task Force on Wind Energy". B&P notes that this section expired on December 31, 2019. This section will not impact TSR or the calculation under Article X, Section 18(e).

In response to a similar proposal from this year (HCS for HB 845), officials from the **Howell County Assessor's Office** stated they do not have a wind energy project at this time but the estimated fiscal impact of this legislation may be estimated as follows;

2022 $100,000 to $1,000,000 in lost revenue
2023 $100,000 to $1,000,000 in lost revenue
2024 $100,000 to $1,000,000 in lost revenue

Wording of this legislation appears to violate the equity clause of the Constitution and sets up a county for a discrimination suit. Residential property owners will be tasked with the burden of making up all the lost revenue and paying higher utility bills for the subsidy to support this power generation system.

In response to a similar proposal from this year (HCS for HB 845), officials from the **Barton County Assessor's Office** assumed the proposal could have a fiscal impact on their organization. They stated the 69 towers that are in Barton County were completed in 2020 and should be taxed in 2021.

Oversight assumes this proposal changes the depreciation schedule for tangible personal property. Oversight assumes this would result in an unknown impact (positive or negative) to the Blind Pension Fund and local political subdivisions.

In addition, **Oversight** assumes this proposal makes real property, excluding land, subject to a depreciation schedule. Oversight assumes this provision would have a negative fiscal impact on local taxing entities as real property generally does not depreciate.

Oversight assumes the magnitude of the impact from depreciating real property is likely to be greater than the change in the depreciable schedule.

Oversight notes to reach a revenue impact of $250,000 in the Blind Pension Fund would require a change in assessed value of approximately $830,000,000.

Below are sample of Wind Energy Projects in Missouri:

Project	Reported Cost	County
White Cloud	$380 Million	Nodaway
Tenaska Clear Creek	$300 Million	Nodaway
Rock Creek	$500 Million	Atchison
Grain Belt Express (Proposed)	$2.3 Billion	Multiple

Oversight assumes it is possible the depreciation of real property for wind energy projects could result in in a loss revenue to the Blind Pension Fund that would exceed $250,000.

Additionally, **Oversight** notes property tax revenues are generally designed to be revenue neutral from year to year. The tax levy is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth. Therefore, Oversight assumes this proposal could impact property tax levies.

Oversight received a limited number of responses from local political subdivisions related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

<u>§§153.030 & 153.034 – Public Utility Property Assessment</u>
Officials from the **State Tax Commission (STC)** have reviewed this proposal and determined school, fire districts and cities, counties in which the real and personal property of any public utility that utilizes Chapter 100 that has tax situs would realize an unknown positive fiscal impact with the inclusion of the entire value of the Chapter 100 real and personal property of the

generation portion held by a utility (determined by depreciated cost) as part of their (local) tax base. The act proposes that said property will be valued locally and the value would stay with local taxing districts in which the property is located. School districts and other local taxing jurisdictions that may have miles of line within their district, but not the Chapter 100 assessment assets, would lose that valuation in their tax base. The fiscal impact would be unknown in both circumstances as it would be dependent on the amount of depreciation, size and scope of said Chapter 100 property. The proposed depreciation is based on the cost information for the generation portion from the Federal Energy Regulatory Commission filed report at transfer of ownership "and depreciate the costs provided in a manner similar to other commercial and industrial property".

In current law, property of electric companies (state centrally assessed) are categorized as “local property “and “distributable property" for ad valorem purposes. The value of all distributable is apportioned to the local taxing districts according to the number of miles of line in the counties and districts. All taxing districts with miles of line in a county that a centrally assessed company serves, shares the ad valorem valuation of all distributable property. In contrast, the value of local property stays with the local taxing districts in which the property is located.

Officials from the **Office of Administration - Budget and Planning (B&P)** assumed this provision may impact TSR. This provision may impact the calculation under Article X, Section 18(e).

This proposal states that if any public utility company has ownership of any property associated with a generation project that was constructed using public financing under Chapter 100, that property shall be taxed by a county assessor under Chapter 137.

Beginning January 1, 2022, any public utility company assessed under Chapter 153 that has property associated with a generation project that was constructed using public financing under Chapter 100 shall be assessed using the following methodology:

- All qualifying property shall be assessed at the local level, and not by the State Tax Commission. The local assessor must use cost information from the public utility company and shall then depreciate the costs similar to other commercial and industrial property.
- Land and buildings related to the qualifying generation project shall be assessed under Chapter 137.
- All other business or personal property related to the generation project shall be assessed using Section 137.122.

B&P notes that the term “generation project” is not defined and could include: solar, thermal, coal, nuclear, hydroelectric, gas, or other forms of energy generation.

B&P notes that currently, public utilities are assessed property taxes under Chapter 153. In the event that a public utility was to purchase or build qualifying generation project property, the qualifying property would instead be assessed under Chapter 137. B&P further notes that the two methods are not identical and may have a significant positive or negative impact on local revenues depending on the physical location of the public utility's property. In addition, if the assessed value of such property differs between the county assessor methodology under Chapter 137 and the STC methodology under Chapter 153, then this proposal may impact revenues to the Blind Pension Trust Fund.

Upon further inquiry, the **Department of Commerce and Insurance** stated their response was related to the operations of the Public Service Commission only. It does not contemplate any impact to public utilities.

Officials from the **City of Kansas City** state this legislation may have an undetermined positive fiscal impact on Kansas City. The new provisions in 153.030 and 153.034 appear to be stating that projects that were financed with a Chapter 100 bond purchase (and may have therefore been previously tax exempt) will now be assessed once the public utility owns the facility. IF any such Chapter 100 bond-financed facilities exist within Kansas City, then Kansas City would receive tax revenue generated from them by these provisions. The amount of that revenue would be based on the assessed value of the property.

In response to a similar proposal from this year (SCS for SB 92), officials from the **Boone County Assessor's Office** stated Boone County has not used Chapter 100 financing for any projects of this nature. Counties which have financed projects of this nature would benefit financially.

In response to the previous version, officials from the **City of Hale** and the **Metropolitan St. Louis Sewer District** each assumed the proposal would have a fiscal impact on their respective organizations.

Oversight assumes this proposal would change the way public utilities utilizing Chapter 100 financing are assessed. Currently, they are centrally assessed and distributable. This proposal would require these public utilities to be assessed at the local level and would no longer be distributable.

Oversight notes the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property ((Total Assessed Value/100)*.03). Oversight assumes this proposal could have an unknown impact (positive or negative) on tax revenues to the Blind Pension Fund if the locally assessed values differ from the centrally assessed values.

Oversight assumes to reach a revenue impact of $250,000 in the Blind Pension Fund would require a change in assessed value of approximately $830 million. Oversight assumes it is unlikely the difference between the centrally assessed valuation and locally assessed valuation would differ to that degree. Therefore, Oversight assumes the impact on the Blind Pension Fund would be less than $250,000 for these sections.

Oversight assumes local taxing entities with tax situs would experience an unknown positive impact while local taxing entities with property that is no longer centrally assessed and distributable would experience an unknown negative impact.

Additionally, **Oversight** notes property tax revenues are generally designed to be revenue neutral from year to year. The tax levy is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth. Therefore, Oversight assumes this proposal could impact property tax levies.

Oversight assumes public utilities could experience an impact if the centrally assessed valuation and locally assessed valuation differ causing a change in the amount of property taxes owed. Oversight will show an unknown impact (positive or negative) for public utilities using Chapter 100 financing.

Although the effective date of this proposal, if passed, would be FY 2022 (August 2021), the next re-assessment cycle would not occur until calendar year 2023 with impacted revenues occurring in FY 2024 (December 2023).

§204.569 - Common Sewer District Provisions

In response to a similar proposal from this year (SB 558), officials from the **Little Blue Valley Sewer District** assumed a direct impact on their ability to issue bonds for expansion of their sewer plant. The sewer district is a very small portion of the county and a vote in the county to allow for additional debt could have an adverse outcome. Due to the growth of the County in the area they serve, they are in need of expanding their sewer treatment plant. In order to complete the expansion, they need to issue debt. This gives them the ability to go directly to their customers for approval.

Oversight assumes this proposal modifies the provisions for subdistricts which are part of a common sewer district in certain counties (Jackson and Cass) to issue bonds for the subdistrict. This proposal changes the percentage of voters required to assent from $4/7^{th}$ of the voters of the subdistrict voting on the proposal to 4/7ths of subdivision voters **or** $3/4^{th}$ of the customers of the subdistrict as defined in §204.370. Oversight assumes §204.569 is codifying statute to reflect the same percentage as §204.370 and will have no direct fiscal impact.

Section 386.370 – Public Utility Assessment Rates

In response to a similar proposal from this year (SCS for SB 280), officials from the **Department of Commerce and Insurance – Public Service Commission (PSC)** stated that by statute the PSC assessment is simply the PSC actual costs, not to exceed .25% of aggregate regulated utility revenues. The assessment varies from year to year depending on PSC expenses. The .25% is the current statutory maximum that is allowed to assess, not the rate at which the PSC actually assess.

The PSC notes that recently, utility revenue has been flat and declining in some years, causing the PSC assessment to be close to the .25% cap. This bill proposes to change the maximum from

.25% to .315%. By doing so, the PSC will be able to continue assessing PSC costs as required by statute. That doesn't mean the PSC will necessarily increase the assessment. In fact, PSC anticipates the assessment will decrease this year.

Oversight does not have any information to the contrary. Therefore, Oversight will assume this change may have a positive impact to the Public Service Commission Fund, depending upon the assessment levied.

Officials from the **Office of Administration - Budget and Planning** state this section of the proposal increases the PSC assessment cap from .25% to .315% of one percent of the total gross intrastate operating revenues. This may have unknown positive impact to the Public Service Commission Fund.

Oversight will use the information from the PSC to reflect fiscal impact.

<u>§§386.800 & 394.020 – Service Territories of Retail Electric Service Providers</u>
In response to a similar proposal from this year (SB 334), officials from the **City of Springfield** state that the city anticipates a negative fiscal impact due to impact on City Utility (CU) (a utility company owned by the City of Springfield) service territory; however, it is not possible to estimate the amount.

The City states that under current law, if the city annexes an area being served by a rural electric cooperative, then CU would have the exclusive right to serve all new structures constructed in the newly annexed area. Under the proposed bill, CU would not have the exclusive right to serve those new structures in the annexed area, but which utility provides service would be determined by the Missouri Public Service Commission or the impacted owner of the structure. Therefore, there could be a negative impact on CU's service area, but it is not possible to determine the amount because it is unknown how many services in areas which CU currently has exclusive rights to serve would be provided by a rural electric cooperative instead.

Oversight assumes this legislation could affect all local political subdivisions that own a city utility company. Since it is unknown how many (if any) annexed areas will choose to continue service with a rural electric cooperative instead of using a City Utility or the PSC determines the new structure should be serviced by another utility company other than a City Utility, Oversight will reflect the fiscal impact to Local Political Subdivisions as $0 or (Unknown).

<u>Section 386.895 – Renewable Natural Gas Program</u>
Officials from the **Department of Commerce and Insurance – Public Service Commission (PSC)** stated this legislation requires a rulemaking by the PSC in order to implement the provisions. Rulemakings generally result in an estimated cost of up to approximately $4,700. The PSC is funded by an assessment on Commission-regulated public utilities pursuant to Section 386.370, RSMo, and not by any state general appropriations. Depending on the cumulative effect of all PSC impacting legislation passed in the current session and the associated increased costs

associated with that legislation to the PSC, the PSC may need to request an increase in their appropriation authority and/or FTE allocation as appropriate through the budget process.

Oversight assumes the PSC is provided with core funding to handle a certain amount of activity each year. Oversight assumes the PSC could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, the PSC could request funding through the appropriation process.

Officials from **Office of Administration - Facilities Management, Design and Construction (FMDC)** assumed his bill requires the Public Service Commission to adopt by a rule a renewable natural gas program for gas corporations. It provides that any prudently incurred costs incurred by a gas corporation to establish and maintain renewable gas equipment and facilities shall be recovered by means of an automatic adjustment clause.

FMDC assumes that this bill will cause an increase in gas utility rates for state facilities. However, FMDC cannot determine the amount of any increase because it is unknown whether gas corporations would utilize this program or what amount of costs would be incurred by gas corporations and passed on to consumers in any given year. Therefore, the impact of this bill is $0 to unknown.

For reference, FMDC's average annual expenditure for natural gas for the past three fiscal years is $2,840,156; therefore, a one percent increase in gas prices would cost FMDC <u>$28,402 annually</u>.

Oversight assumes this proposal allows the Public Service Commission to authorize a prudently incurred costs incurred by a gas corporation to be recovered by means of an automatic adjustment clause. Oversight assumes any additional adjustments will be recouped by various customer classes by rate increases.

Officials from the **Department of Corrections (DOC)** state this legislation could have both positive and negative impacts on the departmental utility budget, in that it allows the issuance of securitized utility tariff bonds with lower financing rates to cover extraordinary costs, thereby saving the customers money over a period of time versus rate increase. Utility company investments utilizing such bonds are approved and regulated by the commission comparing traditional utility costs versus the issuing of utility bonds with the expectation of providing a quantifiable net present value of benefit to the customer. It is unknown what impact the utility rate changes will have on the Department of Corrections.

However it could also have a negative impact in that it allows gas rate increases if approved by the Regulatory Commission to be recovered by means of an automatic rate adjustment clause. 386.895 (5.).

If costs for an electrical corporations petition for financing orders are denied all cost associated with such petition including legal fees can be passed on to the end user in future rates.

Oversight assumes this proposal could increase utility cost 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 reflect a range from $0 (no utility will increase rates) to an unknown cost to the state and local political subdivisions for higher utility costs.

Section 393.106 – Wholesale Electric Energy
Officials from the **Department of Commerce and Insurance – Public Service Commission (PSC)** state it is unknown what the impact on workload for various departments of the PSC will be. The PSC is funded by an assessment on Commission-regulated public utilities pursuant to Section 386.370 RSMo, and not by any state general appropriations. Depending on the cumulative effect of all PSC-impacting legislation passed in the current session and the associated increased costs associated with that legislation to the PSC, the PSC may need to request an increase in their appropriation authority and/or FTE allocation as appropriate through the budget process.

Oversight assumes PSC is provided with core funding to handle a certain amount of activity each year. Oversight assumes PSC could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, PSC could request an increase in their appropriation authority and/or FTE allocation as appropriate through the budget process.

Oversight requested additional information from the PSC regarding the intent and impact of the legislation. **PSC** stated if language clarifications were included, HB 835 and SB 335 impact to customers would vary depending on the utility's rate structure and profile of its customer base. The impact would be unknown until the utility's subsequent general rate case where the PSC would have the opportunity to look at how qualifying customers who participated in HB 835's and SB 335's structure impacted revenues, energy usage, and other aspects significant to the "all relevant factors" analysis the PSC uses in general rate cases.

Officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** state this bill allows electric energy to be provided and obtained on a wholesale basis at any electric generating facility over a transformation and transmission interconnect under applicable federal tariffs of a regional transmission organization instead of under retail service tariffs filed with the Public Service Commission. FMDC assumes that this bill has the potential to impact utility costs paid by FMDC for state facilities. However, FMDC assumes the amount of any increase would be dependent on the structure and decisions of individual utility companies and any rate increases approved by the Public Service Commission. Due to the uncertainty of the proposal, FMDC states that the impact of this bill is $0 to Unknown.

Due to the uncertainty of the proposal, **Oversight** will reflect a range from $0 to an unknown cost to the General Revenue Fund, Other State Funds, colleges and universities as well as local political subdivisions **if** utility rates are adversely impacted.

Section 393.355 – Modifies Provisions for Utility Ratemaking
Officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** assume there would be a fiscal impact to any State facilities in the territory served by an electrical provider that provides a special rate to a facility whose primary industry is the processing of primary metals. It is understood that the special rate portion of this legislation is intended to apply primarily to Ameren Missouri, which provides electrical service for a number of State facilities. Without knowing the special rate that would be provided to the facilities by Ameren, FMDC is unable to calculate the impact on its utility costs. They have included their electrical cost from Ameren for the past two years for facilities that are owned and leased by FMDC:

Facilities	**FY 2019**	**FY 2020**
State-Owned/Institutional	$ 7,971,639	$ 6,593,644
Leased	$ 1,724,865	$ 1,558,946

Using a two year average of the costs listed above for the "State-Owned/Institutional Facilities, a 5% rate increase (for example), would result in a cost of $364,132 to the General Revenue Fund. If there were a 10% rate increase (for example), the fiscal impact would be a cost of $782,264.

Oversight assumes this proposal could increase utility cost for the Office of Administration as well as other state agencies and local governments. Since it is unknown how many or what special rates are approved (if any), Oversight will reflect a range from $0 (no utility will increase rates) to an unknown cost to the state and local political subdivisions for higher utility costs.

Sections 393.1700 - 393.1715 and 400.9-109 – Bonds to Finance Energy Transition Costs
Officials from the **Department of Commerce and Insurance - Public Service Commission (PSC)** assume this legislation could result in cases before the Public Service Commission (PSC) that would be comparable to financing cases of other types. Examples of recently completed financing cases incurred costs to the PSC at a rate of about $20,000 per case. This legislation, if enacted, is anticipated to result in up to two cases each year (approximately $41,030).

PSC assumes Section 393.1715 allows the Commission to promulgate rules to implement the provisions of this act. Given the complexity of the subject matter and the requirements of the act, it is likely that such a rulemaking will be needed if the act is passed into law. The average cost for related rulemakings is approximately $4,700.

The PSC is funded by an assessment on Commission-regulated public utilities pursuant to Section 386.370 RSMo, and not by any state general revenue appropriations. Depending on the cumulative effect of PSC-impacting legislation passed in the current legislative session and the increased costs associated with that legislation to the PSC, the PSC may need to request an increase in our appropriation authority and/or FTE allocation as appropriate through the budget process.

Oversight assumes Department of Commerce and Insurance - Public Service Commission could absorb some of the duties associated with additional cases. Oversight assumes PSC could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, PSC could request funding through the appropriation process.

Oversight notes the Public Service Commission Fund had a balance of $5,436,078 as of May 31, 2021.

Officials from the **Office of the Public Counsel (OPC)** state that their agency does not have the current staffing and resources to represent the public in the Public Service Commission cases that would be authorized by this legislation. Retaining an outside consultant in this area could require at least $100,000 or more from general revenue before the Office of the Public Counsel could adequately represent and protect the public.

Oversight assumes Department of Commerce and Insurance – Office of Public Counsel (OPC) could absorb some of the additional duties without retaining an outside consultant. Therefore, Oversight will range the cost from $0 to (Could exceed $100,000) (the estimated provided by OPC) to the General Revenue Fund each year

Officials from the **Office of Administration - Facilities Management Design and Construction** assume this legislation provides for the use of ratepayer-backed bond financing by Missouri electric companies, a lower-cost financing option than financing typically used by electric companies. The intent of the legislation is to reduce Missouri electricity bills by reducing electric company financing costs. However, the financing costs (principal and interest payments, etc.) of ratepayer-backed bond financing are passed on to ratepayers and are "non-bypassable". This legislation has an unknown fiscal impact to FMDC in that it is uncertain and impossible to predict the level of net fiscal impact incurred by FMDC by the net effect of the increased cost of financing costs paid by FMDC versus the possible cost avoidance of a reduction in electricity rates paid by FMDC.

Since it is unknown how many utility companies will apply to the Public Service Commission for a financing order authorizing the issuance of MO-EBRA bonds (if any), **Oversight** will reflect a range from $0 (no change in utility rates) to an unknown cost to the General Revenue Fund, Other State Funds, colleges and universities, and to political subdivisions.

Bill as a whole:
Officials from the **Attorney General's Office**, the **Department of Natural Resources**, the **Department of Revenue**, the **Missouri Department of Conservation**, **Office of the State Auditor**, the **Missouri Department of Transportation**, the **City of Claycomo**, **Lincoln County Assessors Offices**, the **Little Blue Valley Sewer District**, the **Metropolitan St. Louis**

Sewer District, the **Wayne County Pwsd** and the **University of Central Missouri** 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 these agencies.

Rule Promulgation
Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than $5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain within their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, assessors, utilities, colleges and universities 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.

FISCAL IMPACT – State Government	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
Cost – OPC Outside Counsel (§§393.1700 - 393.1715 and 400.9-109) p.11-12	$0 to (Could exceed $100,000)	$0 to (Could exceed $100,000)	$0 to (Could exceed $100,000)
Cost - Office of Administration Potential change in utility costs (§§393.106, 393.355, 386.895, 393.1700-393.1715 & 400.9-109) p.10-12	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
ESTIMATED NET EFFECT TO GENERAL REVENUE	**$0 to (Could exceed $100,000)**	**$0 to (Could exceed $100,000)**	**$0 to (Could exceed $100,000)**
BLIND PENSION FUND (0621)			
Revenue - Gain or Loss - changes to the depreciation schedule for wind energy projects (§137.123) p. 3-4	$0	$0	Unknown to (Unknown)
Revenue (Gain or Loss) - property owned by public utilities utilizing Chapter 100 financing is locally assessed (§§153.030 & 153.034) p. 4-7	$0	$0	(Unknown) to Unknown
ESTIMATED NET EFFECT ON THE BLIND PENSION FUND	**$0**	**$0**	**(Unknown) to Unknown**

PUBLIC SERVICE COMMISSION FUND (0607)			
Revenue – Potential additional funding by increasing the assessment rate ceiling from .25% to .315% (§386.370) p. 7-8	$0 or Unknown	$0 or Unknown	$0 or Unknown
ESTIMATED NET EFFECT TO THE PUBLIC SERVICE COMMISSION FUND	**$0 or Unknown**	**$0 or Unknown**	**$0 or Unknown**
OTHER STATE FUNDS			
Costs - potential change in utility costs (§§393.106, 393.355, 386.895, 393.1700-393.1715 & 400.9-109) p.10-12	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	**$0 to (Unknown)**	**$0 to (Unknown)**	**$0 to (Unknown)**
COLLEGES AND UNIVERSITIES			
Costs - potential change in utility costs (§§393.106, 393.355, 386.895, 393.1700-393.1715 & 400.9-109) p. p.10-12	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
ESTIMATED NET EFFECT TO COLLEGES AND UNIVERSITIES	**$0 to (Unknown)**	**$0 to (Unknown)**	**$0 to (Unknown)**

FISCAL IMPACT – Local Government	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
Revenue - Gain or Loss - changes to the assessment of wind energy projects (§137.123) p. 3-4	$0	$0	Unknown to (Unknown)
Cost or Savings - Public Utilities - from a change in the assessed valuation of property and subsequent property taxes due (§§153.030 & 153.034) p. 4-7	$0	$0	(Unknown) to Unknown
Revenue Gain - for taxing entities with tax situs for public utilities using Chapter 100 financing (§§153.030 & 153.034) p. 4-7	$0	$0	Unknown
Revenue (Loss) - for taxing entities with property owned by public utilities using Chapter 100 financing that is no longer distributable (§§153.030 & 153.034) p. 4-7	$0	$0	(Unknown)
Cost - Local Governments Potential change in utility costs (§§393.106, 393.355, 386.895, 393.1700-393.1715 & 400.9-109) p.10-12	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)

Loss – loss of exclusive right to service new structures (§§386.800 & 394.020) p. 8	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**Unknown to (Unknown)**

FISCAL IMPACT – Small Business

Oversight assumes there could be a fiscal impact to small businesses if tax rates are adjusted relative to changes in assessed value.

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
Office of Administration - Budget and Planning
Department of Commerce and Insurance
Department of Natural Resources
Department of Corrections
Department of Revenue
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration
Joint Committee on Administrative Rules
Office of the Secretary of State
Office of the State Auditor
Missouri Tax Commission
Cities:
Claycomo
Kansas City
Lincoln County Assessor's Office
Little Blue Valley Sewer District
Metropolitan St. Louis Sewer District
Wayne County Pwsd
University of Central Missouri

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June 8, 2021

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