

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3631H.01I
 Bill No.: HB 1622
 Subject: Utilities; Labor and Management; Public Service Commission
 Type: Original
 Date: January 9, 2024

Bill Summary: This proposal creates provisions relating to workforce development investments of public utilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*This bill could increase utility costs to state departments, colleges and universities and/or local governments **if** rate changes are made as a result of these new standards; however, Oversight assumes the potential increase would not reach the \$250,000 threshold each year.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Other State Funds*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 393.1750 – Workforce Development Investments Provisions

Oversight assumes this proposal requires the Public Service Commission to permit electrical corporations and gas corporations to recover workforce development investments.

Officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** assume that there would be a fiscal impact to the State's utility costs authorizing electrical and gas corporations to recover their workforce development investments. However, without more information FMDC is unable to calculate the impact this would have on its utility costs which would result in a \$0 to Unknown negative impact.

Officials from the **University of Central Missouri** assume this legislation will have a fiscal impact in an indeterminate amount.

Oversight assumes this proposal could possibly increase utility cost for the Office of Administration as well as other state agencies, local governments and colleges and universities. Since it is unknown if this rate increase will occur, Oversight will reflect a range from \$0 (utility rates will not be increased materially) to an unknown cost to the state and local political subdivisions for higher utility costs. However, Oversight assumes any potential increase in utility cost would be under the \$250,000 threshold in any given fiscal year.

Officials from the **Department of Commerce and Insurance**, the **Department of Natural Resources**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Northwest Missouri State University** and the **Hancock Street Light District** 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other schools, charter schools, colleges and universities and electric companies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Cost - Office of Administration</u> Potential increase in utility costs	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
VARIOUS STATE FUNDS			
<u>Cost - Various State Agencies including colleges and universities</u> Potential increase in utility costs	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO VARIOUS STATE FUNDS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost - Local Governments</u> Potential increase in utility costs	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

FISCAL IMPACT – Small Business

Small businesses could have an increase in utility cost as a result of this proposal.

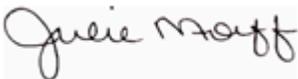
FISCAL DESCRIPTION

This bill requires the Public Service Commission to permit electrical corporations and gas corporations to recover workforce development investments. An electrical or gas corporation is entitled to defer to a regulatory asset such corporation's workforce development investments made between August 28, 2024, and December 31, 2034, up to .55% of the corporation's total operating revenues as reported to the Commission for calendar year 2023.

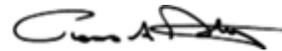
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Natural Resources
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration
Office of the Secretary of State
Joint Committee on Administrative Rules
University of Central Missouri
Northwest Missouri State University
Hancock Street Light District



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January 9, 2024



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January 9, 2024