

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1413H.011  
 Bill No.: HB 569  
 Subject: Utilities; Corporations  
 Type: Original  
 Date: February 24, 2025

Bill Summary: This proposal modifies dates for deferrals by electrical corporations.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Total Estimated Net Effect on General Revenue*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*This bill could increase utility costs to state departments and local governments if rate changes are made as a result of these new standards. Oversight assumes this would be an indirect impact and therefore will not show the impact in the fiscal note.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<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.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*This bill could increase utility costs to state departments and local governments if rate changes are made as a result of these new standards. Oversight assumes this would be an indirect impact and therefore will not show the impact in the fiscal note.

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Office of Administration - Facilities Management, Design and Construction (FMDC)** state that impact due to language in Section 393.1400 FMDC assumes that there would be a fiscal impact to the State's utility costs. However, without more information FMDC is unable to calculate the impact this would have on its utility costs; \$0 to Unknown impact.

In response to similar legislation, SB 51 (2025), officials from the **Morgan County PWSD #2** indicated this proposal would have an unknown impact.

**Oversight** assumes this proposal could increase utility costs to state departments and local governments if rate changes are made as a result of these new standards. Oversight assumes this would be an indirect impact and therefore will not show the impact in the fiscal note.

Officials from the **Department of Commerce and Insurance, the Missouri Department of Transportation, the Missouri Department of Conservation, the State Tax Commission, the City of Kansas City, the City of O’Fallon, the Metro St. Louis Sewer District – 7B Sewer, the South River Drainage District - 7D Levee, and the St. Charles County PWSD #2 – 7A** 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**FISCAL IMPACT – Small Business**

Small businesses could potentially see an increase in utility costs as a result of the new standards in this proposal.

### FISCAL DESCRIPTION

The bill removes "new natural gas units" from the definition of "qualifying electric plant" for the purposes of certain deferrals by electrical corporations.

Currently an electrical corporations must defer to a regulatory asset 85% of all depreciation expense and return associated with all qualifying electric plant recorded to plant-in-service on the utility's books. The bill increases the required deferral to 90%.

The cost of investments in new generating units and energy storage systems are excluded from the total investments reflected in each year's capital investment plan for which required investments in grid modernization projects are determined.

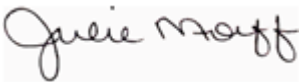
The bill extends the sunset date of certain provisions relating to deferrals by electrical corporations from December 31, 2028 to December 31, 2035. The deadline to file an application seeking permission from the Public Service Commission relating to deferrals will be extended from December 31, 2026 to December 31, 2033.

Provisions relating to electrical corporations seeking deferrals expires on December 31, 2040, instead of on December 31, 2033.

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  
Missouri Department of Conservation  
Missouri Department of Transportation  
Office of Administration  
State Tax Commission  
Morgan County PWSD #2  
Metropolitan St. Louis Sewer District - 7B Sewer  
South River Drainage District - 7D Levee  
St. Charles County PWSD #2 - 7A Water  
City of Kansas City  
City of O'Fallon



Julie Morff  
Director  
February 24, 2025



Jessica Harris  
Assistant Director  
February 24, 2025