

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1181-02  
Bill No.: HCS for SB 207  
Subject: Boards, Commissions, Committees, Councils; Energy; Public Service  
 Commission; Utilities  
Type: Original  
Date: April 15, 2011

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Bill Summary: This proposal relates to electric utilities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Blind Pension	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</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 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Economic Development - Public Service Commission and Office of Public Counsel, Department of Revenue, Office of State Auditor, Department of Natural Resources, Department of Corrections, and State Tax Commission** state this proposed legislation has no fiscal impact on their respective agencies.

According to officials from the **Joint Committee on Administrative Rules (JCAR)**, this proposal should not create any additional fiscal impact above current appropriations to JCAR.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS 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 the SOS for Administrative Rules is less than \$2,500.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume this proposal would not result in additional costs or savings to their agency.

Officials from **St. Louis County** assume this proposal would have no fiscal impact on their political subdivision.

Officials from the **Special School District of St Louis County** state this proposal will have no fiscal impact on their district.

### §137.010, 137.013 & 137.115

BAP officials stated that this proposal would classify certain turbines as tangible personal property, and lower the assessed valuation on such properties to 1% of their true value. If municipal governments are unable to adjust their levies, this may lower property tax receipts, including for schools. This proposal would also reduce Blind Pension Fund receipts. BAP officials also stated that they do not have data to estimate any losses.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the equipment is currently assessed as industrial and commercial. This being the case, there would be a reduction from 33.3% to 1% in the amount of property taxes paid. This will result in a significant loss of revenue for certain schools and local taxing authorities. For many districts that contain these types of power plants, the company that owns the plant is one of the largest taxpayers in the district. The proposal would have no impact on the state, unless the reduction in assessed valuation falls below the 2004-05 amount. In which case, additional state aid would be required to make up for the reduction in local effort.

Officials from the **State Tax Commission** stated that they do not have data to estimate any potential losses.

Officials from the **City of Kansas City** assume this proposal would have a negative impact on their organization but that impact is impossible to quantify.

Officials from the **City of Raytown** assume there is no impact to their organization from this proposal that they can easily identify.

**Oversight** was not able to determine if any turbine generators are currently installed which would qualify for the proposed classification and valuation process. To the extent that such equipment is currently installed or would be installed in the future, this proposal would reduce the assessed valuation of such property from the percentage specified in current provisions to one percent of value. That reduction in assessed valuation would in turn reduce the property tax that would otherwise be due on such property.

**Oversight** assumes that this property would be owned by electric companies and would be assessed by the State Tax Commission as distributable property; accordingly the tax reduction would impact local governments and the state Blind Pension Fund. For fiscal note purposes, Oversight will indicate an unknown amount of revenue reduction for local governments and for the state Blind Pension Fund.

§137.073

Officials from the **City of Kansas City** assume this portion of the proposal could have a negative impact on their organization of an indeterminate amount.

FISCAL DESCRIPTION (continued)

**Oversight** is not able to determine whether the provisions in this amendment would result in any increase or decrease in a local government tax rate, and will indicate a fiscal impact from unknown positive to unknown negative for local governments and for the state Blind Pension Fund.

§386.850 - REPEAL

Officials from the **Missouri Senate** state this proposal will either have no fiscal impact as it relates to their agency or minimal costs which can be absorbed by present appropriations.

Officials from the **Office of the Governor** state there should be no added cost to the Governor's Office as a result of this proposal.

Officials from the **Missouri House of Representatives** state this proposed legislation will have no fiscal impact on the House.

Officials from the **Department of Agriculture** state this proposal will have no fiscal impact on their agency.

§393.1075

According to officials from the **Department of Social Services** state that while individual low-income customers may benefit from the provisions outlined in this section, there is no direct impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
<b>BLIND PENSION FUND</b>			
<u>Revenue Reduction</u> - Valuation reduction for turbine generators (§137.010, 137.080 & 137.115)	(Unknown)	(Unknown)	(Unknown)
<u>Revenue Increase or Reduction</u> - Revised tax rate limit calculation (§137.073)	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<b>ESTIMATED NET EFFECT ON BLIND PENSION FUND</b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2012 (10 Mo.)	 FY 2013	 FY 2014
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Reduction</u> - Valuation reduction for turbine generators (§137.010, 137.080 & 137.115)	(Unknown)	(Unknown)	(Unknown)
<u>Revenue Increase or Reduction</u> - Revised tax rate limit calculation (§137.073)	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (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

§137.010, 137.080, 137.115

This proposed legislation classifies certain hydroelectric power generating equipment as tangible personal property and requires that it be assessed at 1% of its true value in money.

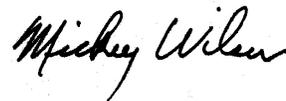
§137.073

This section allows any political subdivision that approved a tax increase after August 27, 2008 to levy a rate to collect substantially the same amount of tax revenue as would have been collected by applying the voter-approved increased tax rate ceiling to the total assessed valuation of the political subdivision on or before the election date, increased by the percentage increase in the federal Consumer Price Index. The rate, however, cannot exceed the greater of the most recent voter-approved rate or the most recent voter-approved adjusted rate.

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 Economic Development  
    Public Service Commission  
    Office of Public Counsel  
Office of State Auditor  
Missouri Tax Commission  
Department of Social Services  
Department of Revenue  
Department of Natural Resources  
Department of Corrections  
Department of Agriculture  
Office of the Governor  
Missouri House of Representatives  
Missouri Senate  
Joint Committee on Administrative Rules  
Office of Secretary of State  
    Administrative Rules Division  
Cities  
    Kansas City  
    Raytown  
Counties  
    St Louis County  
School Districts  
    Special School District of St Louis County



Mickey Wilson, CPA  
Director  
April 15, 2011