

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4692-02
Bill No.: HCS for HB 1076 & 1302
Subject: Energy; Environmental Protection; Natural Resources Dept.
Type: Original
Date: March 28, 2012

Bill Summary: This proposal establishes the Capital Green Program, requirements for environmentally sustainable construction for state-funded buildings, and the Renewable Energy Pilot Program for State Parks.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

- 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 8.307 - Capital Green Program

In response to the previous version of this proposal, officials at the **Office of Administration - Division of Facilities Management Design and Construction (FMDC)**, assumed this proposal would require inclusion in the Capital Improvement budget for their division.

FMDC stated, this proposal would allow projects related to geothermal, wind, solar energy, and free flow turbine generators in the Missouri River for energy efficiency improvements to the State Capitol Building and Governor's Mansion, and would need to be studied to determine if the infrastructure could handle any of these projects and the feasibility of them.

FMDC assumed a need for two (2) FTE with the title of Design Engineer III for this program because of all of the regulations and needs of the Army Corp of Engineers, the flood plain issues, seismologist research for earthquake study, EPA and the administrative costs to design, bid and contract the proposed project. Salary of approx. \$72,000 each plus fringe benefits.

FMDC stated, in 2010, the State of Colorado did a \$6 million renovation that included a new geothermal heating and cooling system for their state capitol building.

FMDC assumed an unknown fiscal impact with additional day-to-day operating maintenance costs needed in the FMDC operating budget for the implementation of this proposal.

Officials at the **Department of Natural Resources (DNR)** assumes this proposal would establish a new section in Section 8.307 that would be known as the "Capital Green Program."

DNR assumes the Capital Green Program would provide funding for weatherization and energy efficiency improvements to the State Capitol Building and the Governor's Mansion and for geothermal, wind, and solar energy resources and to install a network of environmentally friendly free-flow turbine generators in the Missouri River to provide power to the State Capitol Building and the Governor's Mansion.

ASSUMPTION (Continued)

DNR assumes if surplus energy is generated, it could also be used to provide power to the Harry S. Truman Office Building, Missouri Supreme Court Building, and James C. Kirkpatrick State Information Center. The Capital Green Program Fund would be created which would consist of appropriations from the General Assembly, gifts, bequests, and donations to be used solely for the administration of the program.

DNR assumes there is no fiscal impact from this proposed section.

Officials at the **Office of Administration - Division of Budget and Planning** assume section 8.307 of this proposal creates the Capitol Green Program and Fund, and authorizes the appropriation of general revenue for the fund - future GR impact is unknown.

Oversight assumes there is no fiscal impact from this proposed legislation on FMDC or any other state agency as the proposal is asking FMDC to explore the potential of an energy efficiency pilot program for the Missouri State Capitol Building and Governor's Mansion.

Oversight assumes FMDC would conduct a feasibility study to determine what energy efficiency and weatherization projects would be feasible.

Oversight assumes costs related to research of energy efficiencies and weatherization for the Missouri State Capitol Building and Governor's Mansion could be absorbed with existing state appropriation or donations, gifts, and bequests provided to the "Capital Green Program Fund". If additional resources are needed, FMDC may request additional funding through the normal appropriation process.

Oversight assumes the provisions of the bill would sunset six years from the effective date.

Oversight assumes the amount of donations, gifts, and bequests to "Capital Green Program Fund" for this proposal is unknown.

ASSUMPTION (Continued)

Section 442.009 - Homeowners' Solar Rights

Officials at the **Department of Natural Resources (DNR)** assume this proposal would prohibit a homeowners' association from restricting the installation of solar panels if a member of the association obtains a petition signed by fifty percent plus one person agreeing to the installation.

DNR assumes there is no fiscal impact from this proposed section.

Oversight assumes this section creates the Homeowners Solar Rights Act.

Oversight assumes there is no fiscal impact from this proposed legislation on state or local government funds.

Section 640.950 - The Renewable Energy Pilot Program for State Parks

Officials at the **Department of Natural Resources (DNR)** assume this proposal would create the Renewable Energy Pilot Program where the Department in consultation with the Public Service Commission (PSC) would develop and implement a pilot program in which renewable energy technology is used to operate a state park.

DNR states, the PSC shall retain authority to regulate the rates and cost recovery for electric utilities under its jurisdiction that enter into a contractual agreement to provide renewable energy resources for the department. The department would also be allowed to contract with those electric utilities that are unregulated by the Commission.

DNR assumes, this proposal is a pilot program which would begin with the selection of a suitable state park by August 8, 2013 with a goal of achieving 100% renewable energy resources within the boundaries of the park using as many energy efficient products as possible. The proposal states that the goal of completing the pilot program would be August 28, 2018.

DNR states, beginning August 28, 2012, the department would be required to submit an annual report to the General Assembly if the goal of this proposal has not been met.

DNR states, the proposal would require the department to promulgate rules to implement the provisions of this legislation.

ASSUMPTION (Continued)

DNR states, the department assumes the General Assembly would have to appropriate funds to pay for energy efficiency measures and renewable energy for the pilot park program. It would be necessary to purchase renewable systems to install on-site or to purchase renewable energy credits (RECs) from electric utilities, if available. Renewably generated electricity cannot be directed to a particular site from the grid.

DNR states, for purposes of this fiscal note, the department assumes the fiscal impact to implement this proposal would include additional resources to conduct energy use studies; make recommendations on what technologies are needed; develop requests for proposals; and oversee contracts. In addition, the department would need sufficient resources to select, purchase, and install renewable energy sources, and on-going maintenance of the renewable resources. Costs would also include promulgating rules to implement the requirements of this legislation. The department's Division of Energy assumes they would request one (1) Energy Engineer II to implement this proposal.

The department's **Division of State Parks (DSP)** operates 85 state parks and historic sites in Missouri. The costs to implement the pilot program is unknown at this time due to the range of energy needs in Missouri's state parks and historic sites and the need for further assessment and analysis to determine the best site for the proposed pilot project.

DNR assumes no funding source is identified for the proposed pilot project; therefore for purposes of this fiscal note, the department assumes there would be an unknown fiscal impact to the General Revenue Fund to pay for the associated costs.

Oversight assumes this does not reflect the possibility of net metering by the park should there be excess energy credits. Also, in Section 640.950.3, the Department of Natural Resources could enter into a contract with the utility to provide for renewable energy resources for the department. This applies to those utilities regulated by the Commission as well as those electric utilities that are unregulated by the commission.

Oversight assumes the costs associated with the Renewable Energy Pilot Program would be offset from the savings on the renewable energy resources within the chosen Missouri State Park or Historical Site. If implementation costs exceed realized savings, DNR may request additional funding through the normal appropriation process.

ASSUMPTION (Continued)

Officials at the **Office of Administration - Division of Budget and Planning** assume section 640.950 of this proposal creates the Renewable Energy Pilot Program for State Parks, which may result in additional unknown costs for DNR and its Division of State Parks. B&P defers to DNR and for a specific fiscal impact on this section.

Bill as a Whole

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. 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. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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 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.

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

Officials at the **Missouri Public Service Commission, Missouri House of Representatives, Office of Administration - Division of Budget and Planning, Office of Governor, Missouri Senate, and State Treasurer's Office** each assume there is no fiscal impact from this proposed legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Savings</u> - Department of Natural Resources Renewable Energy Pilot Program	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost</u> - Department of Natural Resources Renewable Energy Pilot Program	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

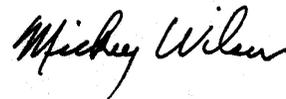
FISCAL DESCRIPTION

This bill establishes the Renewable Energy Pilot Program for State Parks and establishes the Capital Green Program to provide funding to the state for energy efficiency improvements to certain state buildings and for geothermal, wind, and solar energy resources.

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 Natural Resources
Office of Administration -
 Division of Budget and Planning
Department of Economic Development -
 Public Service Commission
Office of Administration -
 Division of Facilities Management Design and Construction
Joint Committee on Administrative Rules
Missouri House of Representatives
Missouri Senate
Office of Governor
Office of Secretary of State
State Treasurer's Office



Mickey Wilson, CPA
Director
March 28, 2012