

# FISCAL NOTE

**Bill #:** HB445

**Title:** Extend consumer rate moratorium for electricity

**Primary Sponsor:** Dave Gallik

**Status:** Introduced

\_\_\_\_\_  
Sponsor signature Date

\_\_\_\_\_  
Chuck Swysgood, Budget Director Date

## Fiscal Summary

	<b><u>FY2002</u></b> <b><u>Difference</u></b>	<b><u>FY2003</u></b> <b><u>Difference</u></b>
<b>Expenditures:</b>		
State Special Revenue	\$47,609,000	\$48,819,000
<b>Revenue:</b>		
General Fund	\$0	\$47,627,000
State Special Revenue	\$47,609,000	\$48,819,000
<b>Net Impact on General Fund Balance:</b>	<b>\$0</b>	<b>\$47,627,000</b>

<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

## Fiscal Analysis

### ASSUMPTIONS:

1. This bill is effective January 1, 2002 (mid-fiscal 2002).
2. This bill increases the wholesale energy transaction tax from 0.015 cent per kilowatt-hour to 0.4153 cent per kilowatt-hour.
3. The number of kilowatt-hours subject to the wholesale energy transaction tax will not change from current law under this bill.
4. Under current law, the wholesale energy transaction tax generates \$3.568 million in fiscal 2002, and \$3.614 million in fiscal 2003; for total revenue of \$7.182 million during the 2003 biennium. Under this proposal, the wholesale energy transaction tax generates \$51.177 million in fiscal 2002, and \$100.06 million in fiscal 2003.

(continued)

million in fiscal 2003; for total revenue of \$151.237 million during the 2003 biennium (DOR). Total revenue over the biennium increases by \$144.055 million (\$151.237 million less \$7.182 million).

5. The bill creates a new “public utility customer high electricity cost relief state special revenue account” in the state special revenue fund, and provides that \$96.428 million of wholesale energy transaction tax must be deposited into this account *in each biennium*.
6. Under this proposal, there is an excess of \$54.809 million (\$151.237 million less \$96.428 million) of wholesale energy transaction tax over the amount required to be appropriated to the cost relief account. This represents an increase in revenue to the state general fund of \$47.627 million (\$54.809 million less \$7.182 million) over the biennium. All of this increase will occur in fiscal 2003.
7. There are no additional DOR administrative expenses associated with this proposal.

FISCAL IMPACT:

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
<u>Expenditures</u>		
Grants – Energy supplements	\$47,609,000	\$48,819,000
<u>Funding</u>		
State Special Revenue (02)	\$47,609,000	\$48,819,000
<u>Revenues:</u>		
General Fund (01)	\$0	\$47,627,000
State Special Revenue (02)	\$47,609,000	\$48,819,000
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	0	\$47,627,000
State Special Revenue (02)	0	0

LONG-RANGE IMPACTS:

This proposal increases the total revenue from the wholesale energy transaction tax by nearly 28 times the revenue generated under current law. In the 2005 biennium, revenue under current law would be \$7.4 million; under the proposal revenue would be \$205 million. After the allocation of \$96.428 million to the cost relief account, revenue to the state general fund would increase by \$108.572 million in the biennium.

TECHNICAL NOTES:

1. The bill does not provide for the timing of the deposit of the wholesale energy transaction tax into the new cost relief account. This fiscal note assumes that all of the fiscal 2002 revenue under the bill above the current law general fund revenue estimate would be deposited into the account in fiscal 2002, with the balance of all biennial excess over the biennial appropriation remaining in the general fund in fiscal 2003.

Technically, all of the revenue could remain in the general fund until the last day of the 2003 biennium at which time the \$96.428 million transfer could be made to the cost relief account. This could have a significant positive impact on interest income from the state’s treasury cash account.