



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill # HB0828

Title: Study carbon sequestration

Primary Sponsor: Olson, Alan

Status: Third Reading

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2007 Difference</u>	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:					
State Special Revenue	\$0	\$36,500	\$11,500	\$0	\$0
Revenue:					
State Special Revenue	\$8,000	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of Fiscal Impact:

As amended, House Bill 828 creates a subcommittee of the Energy and Telecommunications Interim Committee to conduct a study of carbon sequestration issues. Funding for committee activity and division costs is provided by a \$42,000 state special revenue fund appropriation to the Legislative Services Division from the collection of oil and natural gas taxes. Amendments to the bill also provide for \$8,000 in additional appropriation authority for the subcommittee from a \$1,000 fee to be paid by operators of coal-fired electric generation units.

FISCAL ANALYSIS

Assumptions:

- Section 1 of HB 828 establishes an interim subcommittee to study carbon sequestration. This committee would consist of four legislators who are members of the energy and telecommunications interim committee and four at-large members.
- The subcommittee would consist of four at-large members and four legislators who are members of the energy and telecommunications interim committee.
- The subcommittee would meet eight times during the interim and complete work by September 15, 2008, as required by the bill. At least one meeting would be in conjunction with a meeting of the full energy and telecommunications interim committee.
- All members of the subcommittee are entitled to salary and expense reimbursement at a cost of \$9,481 for personal services and \$18,639 for expenses.

5. Policy and research staff support for the subcommittee would be provided by the Legislative Services Division (LSD). The division would contract for secretarial support of the subcommittee, at a cost of \$2,900, to provide an accurate record of committee action. Printing, postage, and supplies would cost \$2,480, and a \$14,500 contracted services budget provides for topic experts.
6. The bill is effective on passage and approval. For the purposes of this fiscal note, costs are allocated between years based on the anticipated interim study schedule.
7. Legislative Services would provide policy and research staff support for the subcommittee.
8. The subcommittee would meet eight times during the interim. At least one meeting would be in conjunction with a meeting of the full energy and telecommunications interim committee.
9. All members of the subcommittee are entitled to salary and reimbursement of expenses.
10. Section 3 (2) (a) of HB 828 provides for funding of \$42,000 for the subcommittee from oil and natural gas production tax collections. This distribution would come before other current law revenue allocations and would decrease the anticipated revenues available for these other accounts.
11. In aggregate, there is no change to the projected revenues going into special revenue accounts over the 2009 biennium, only a redistribution of the funds among existing accounts and the newly created special revenue account for the subcommittee to study coal sequestration.
12. An amendment to HB 828 establishes a \$1,000 coal-fired electric generation unit fee to be paid by operators of a coal-fired electric generation unit operating in the state upon passage of the bill. This fee is to be paid before July 1, 2007. Currently, there are eight facilities operating in the state which would be subject to this one time fee.
13. Since the \$1,000 fee established in Section 2 must be paid before July 1, 2007, it is assumed plants that became operational after this date would not be subject to this fee.
14. It is assumed that this study will be completed by September 15, 2008, as required in this legislation.

	<u>FY 2007</u> <u>Difference</u>	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>					
Legislative Services Division					
<u>Expenditures:</u>					
Personal Services	\$0	\$7,111	\$2,370	\$0	\$0
Operating Expenses	\$0	\$29,389	\$9,130	\$0	\$0
TOTAL Expenditures	<u>\$0</u>	<u>\$36,500</u>	<u>\$11,500</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>					
State Special Revenue (02)	\$0	\$36,500	\$11,500	\$0	\$0
<u>Revenues:</u>					
State Special Revenue (02)	\$8,000	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>					
State Special Revenue (02)	\$8,000	(\$36,500)	(\$11,500)	\$0	\$0

Technical Notes:

1. House Bill 828 is effective on passage and approval, however funding is unavailable for committee work performed prior to July 1, 2007, when the revenue for the appropriation is available.

2. The fee created in section 2 of the bill is payable to the Legislative Services Division during the current fiscal year 2007. The \$8,000 appropriation in section 4 references the fee in section 2 but does not specify what year(s) the appropriation is valid. Because of the reference to the fee collection, it could be interpreted that the \$8,000 appropriation is for fiscal year 2007 only. The effective period of the appropriation requires definition.

Sponsor's Initials

Date

Budget Director's Initials

Date