

Fiscal Estimate - 2001 Session

Original Updated Corrected Supplemental

LRB Number 01-1197/2		Introduction Number AB-302	
Subject Repeal utility public benefits program and funding			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input checked="" type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input checked="" type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	Date
DOA/ Kathleen Moore (608) 266-6497		Paul McMahon (608) 266-1359	4/12/01

Fiscal Estimate Narratives

DOA 4/13/01

LRB Number	01-1197/2	Introduction Number	AB-302	Estimate Type	Original
Subject					
Repeal utility public benefits program and funding					

Assumptions Used in Arriving at Fiscal Estimate

State Impact:

Current law requires the Department of Administration to establish public benefit programs. In addition, municipal and cooperative utilities must choose to participate in DOA programs or must spend a specified portion on its own public benefit programs ("commitment to community programs"). Both DOA and utility programs have three sources of funding: 1) public benefits fees collected from nonmunicipal and municipal electric utilities and retail electric cooperatives, 2) transition funds from utilities, and 3) voluntary contributions made by customers.

AB 302 essentially zeroes out all three sources of funding (fees, transition funds and voluntary contributions). It also eliminates the requirement for DOA to operate public benefit programs.

- 1) Utilities must refund to their customers all public benefits fees and voluntary contributions not yet paid to DOA for the statewide public benefits program.
- 2) The unencumbered balance in the utility public benefits fund must be transferred to the general fund. Of this amount, the PSC will determine how much each utility paid in transition funds and will return that amount to the utility. The bill requires that utilities spend this (must be at least 0.5% of their total operating revenues) on programs designed to promote energy conservation. However, the PSC may require them to spend less or more on programs if they determine it is in the public interest.
- 3) DOA must pay utilities the amount each paid to DOA for public benefit fees and voluntary contributions. Each utility must then refund these amounts to its customers.

For example, in FY02, it is estimated that DOA would receive \$66.7 million (SEG) in public benefits fees, transition funds and voluntary contributions to administer public benefit programs. Municipal and cooperative utilities would receive approximately \$6.6 million to administer local public benefit programs. Under AB 302, this revenue and the requirement for DOA to administer a public benefits program is eliminated.

This does not affect federal funds received by DOA for public benefit related programs (\$49.0 million for LIHEAP and \$6.0 million for Weatherization in FFY01).

Local Impact:

AB 302 requires utilities to spend at least 0.5% of their total annual operating revenues on local public benefit programs, but it eliminates their ability to collect public benefit fees from their customers. Although each utility will receive a refund for the transition funds paid to DOA, each one will still have to fund local programs once the refund is spent. It is not known exactly how this will impact local communities.

Long-Range Fiscal Implications

Long-Range Fiscal Implications

Unknown. Although all state revenue for the statewide public benefits program is eliminated, the requirement to run such a program is also eliminated. Any long-range fiscal implications will more likely be on a local level.

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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 Updated
 Corrected
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Subject			
Repeal utility public benefits program and funding			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$909,900 in one-time costs for DOA administration			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		-12,073,300
(FTE Position Changes)			(-5.0 FTE)
State Operations - Other Costs			-12,073,300
Local Assistance			
Aids to Individuals or Organizations			-52,000,000
TOTAL State Costs by Category	\$		-\$64,308,700
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			-64,308,700
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-66,700,000
TOTAL State Revenues	\$		-\$66,700,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$-64,308,700	\$
NET CHANGE IN REVENUE		\$-66,700,000	\$-6,625,500
Agency/Prepared By		Authorized Signature	
DOA/ Kathleen Moore (608) 266-6497		Paul McMahon (608) 266-1359	
		Date	
		4/12/01	