

REVISED
State Corporation Commission
2020 Fiscal Impact Statement

1. Bill Number: HB1295

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Helmer

3. Committee: Finance

4. Title: Tax on fossil fuel investments by electric utilities.

5. Summary: Imposes a tax on investor-owned electric utilities and electric cooperatives based on the amount that the utility invests in a year on fossil fuel infrastructure. The rate of the tax starts at 2.5 percent of the amount of a utility's fossil fuel investments in 2021 and increases in annual increments thereafter until reaching 100 percent in 2040 and thereafter. The measure directs that the revenue collected from the tax shall be deposited into the Clean Energy Development Fund and used to pay administrative costs of the Department of Mines, Minerals and Energy; reduce the electric utility bills of customers that opt to purchase electricity from renewable energy sources; invest in renewable electric energy generation sources in low-income communities; establish and fund block grants to enable community solar facilities and energy storage installation; and enable attainment of renewable portfolio standards based on regulations adopted by the Department.

6. Budget Amendment Necessary: There is no budget impact for the State Corporation Commission.

However, according to the Department of Mines, Minerals and Energy, that agency will need non-general fund appropriations to pay for a program administrator. The Department also indicates additional staff may be necessary, however, that determination is not known at this time since the need for additional staff will depend on the size of the fund. The expenditures would be paid from the Clean Energy Development Fund as provided in the legislation. See Item 8.

7. Fiscal Impact Estimates: See Item 8.

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2020			
2021			
2022	\$100-\$125K	1	Clean Energy Development Fund
2023	\$100-\$125K	1	

2024	\$100-\$125K	1
2025	\$100-\$125K	1
2026	\$100-\$125K	1

7b. Revenue Impact: Unknown. This bill would also have a revenue impact that is impossible to determine because there is no way to estimate the amount of future fossil fuel investments made by the investor-owned electric utilities and electric cooperatives.

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020	Unknown	
2021		
2022		
2023		
2024		

8. Fiscal Implications: The Department of Mines, Minerals and Energy would have expenses beginning in Fiscal Year 2022 that would include hiring a program administrator at a cost of \$100,000 to \$125,000 annually. Additional staff may be necessary, depending on the size of the fund to administer, but the Department reports that information cannot be determined at this time.

This bill will require additional work by the State Corporation Commission since this legislation requires each electric utility to report annually to the Commission all of their fossil fuel investments. The Commission is responsible for ensuring the accuracy of all fossil fuel investments and verifying that the electric utility has not recovered from its customers any portion of the tax. The additional workload for the administration of this tax can be absorbed by current staff at the Commission.

The revenue impact resulting from this legislation is unknown because it is difficult if not impossible to project the amount of taxes from future fossil fuel investments made by the investor owned electric utilities and electric cooperatives.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission and the Department of Mines, Minerals and Energy

10. Technical Amendment Necessary: This bill does not specify the entity responsible for collecting and depositing the monies from this tax into the state treasury's Clean Energy Development Fund. It could be assumed the Commission is to perform this task, however, the bill does not state who collects and deposits the taxes into the fund.

11. Other Comments: None