

Vermont Legislative Joint Fiscal Office

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Draft FISCAL NOTE

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S.230 An Act Relating to Improving the Siting of Energy Projects

Bill Summary

The bill would take three actions that would have fiscal impacts, as shown below:

1. The bill would expand the responsibilities of municipal and regional planning bodies with regards to planning for the development and siting of renewable energy facilities. Municipal plans would be required to include a comprehensive energy analysis and siting recommendations for potential renewable energy facilities. Regional and municipal plans could be submitted to the Public Service Department to receive a certification of energy compliance, to be based on the plan's overall adherence to the State Comprehensive Energy Plan.
2. A new position would be created within the Public Service Board and funded by an appropriation to provide information and assistance to the public.
3. The Agency of Agriculture, Food and Markets (AAFM) and RPCs (meeting geographical requirements) would be authorized to participate in energy siting proceedings. AAFM would be authorized to collect fees and bill backs in order to fund its work on energy siting proceedings.

Fiscal Summary

	FY17 cost	Ongoing cost	FY17 funding	Ongoing funding	Notes
RPCs	\$300,000	\$300,000 annually	~\$320k (0.0003 on gross receipts of electric energy)	~\$330k in FY18 ~\$340k in FY19 Funding ends in FY20	No funding source for FY20 and future years. RPCs will absorb costs in base budgets
PSB	\$100,000 new position	\$100,000 annually	\$100,000 appropriation from special funds	\$100,000 ongoing special funds	Some new risk to PSB if revenues fall short
DPS	Unknown at this time				
AAFM	\$100-120k	\$100-120k annually	Fees and bill backs (initial fee est. <\$20k) mostly bill back would be needed	Ongoing fees and bill backs, insufficient to cover position	There would not be sufficient revenue to pay for the costs of the new position

Fiscal Analysis

Regional Planning Commissions

Under this bill, RPCs would have new responsibilities to provide energy expertise to municipal planning bodies and to carry out studies and make recommendations on energy conservation and renewable energy development. An additional \$300,000 in funding would be needed by the eleven RPCs in FY2017 and forward in order for them to have the resources to meet these new responsibilities. In order to fund this need, an increment would be added to the current gross receipts tax levied under 30 VSA §22(a)(1). The current rate is 0.005 and the increment would be 0.0003, which would be directed to the RPCs over a three year period, after which time the increment would sunset. Following the sunset, the RPCs would absorb these costs their base budgets.

Public Service Board

A new position would be created within the Public Service Board (PSB) with the title of Public Assistance Officer. The bill would authorize a \$100,000 FY17 appropriation to the PSB from the special fund created under 30 VSA §22 in order to fund the position. The cost of the position would be covered within the Board's current revenue projections from the tax levied under 30 VSA §22(a) but if revenues fall short of projections then the Board would either need to pursue a rate adjustment or it would be at greater risk of not being able to cover its budget need.

Agency of Agriculture, Food and Markets

The Agency of Agriculture, Food and Markets (AAFM) would be given the right to appear as a party in any proceedings under 30 VSA §248. AAFM would be authorized to retain legal counsel and other expert opinions for its review of §248 applications. A representative of AAFM has stated that a new position would be needed for §248 reviews starting in FY2017 at a cost of \$100-120k per year depending on the qualifications of the individual hired. This would require an appropriation in anticipation of future revenues noted below.

A new fee would be established, applicable only to those projects that would take place on land containing prime agricultural soils, at the rate of 10% of the calculated fee charged by the Agency of Natural Resources (ANR) for its review of §248 applications. When the ANR proposed establishing fees for its review of §248 projects in the 2015 fee bill, it estimated approximately \$220k in new revenue. Assuming all projects that would pay the ANR fee would be located on sites with primary ag. soils and would require AAFM review, AAFM would collect approximately \$22k in new fee revenue under this bill. However, a certain number of these projects may not be proposed for primary ag. soils, so the actual revenue is likely to be less. AAFM would also be granted bill back authority to offset some of its costs for §248 reviews, but the spottiness of likely bill back revenues combined with limited fee revenues would not be sufficient to fund the position.