



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 807** HLS 22RS 1010
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 20, 2022	1:31 PM	Author: MAGEE
Dept./Agy.: Department of Economic Development		Analyst: Monique Appeaning
Subject: Energy Storage Systems		

ENERGY RE1 +\$8,000,000 GF EX See Note Page 1 of 1
 Provides relative to energy storage

Proposed law creates the Disaster Resiliency Battery Incentive Program (DRBIP) to be administered by a third-party administrator contracted by the Department of Economic Development (LED). Proposed law provides that the program administrator, through LED award reimbursements to applicants who purchase eligible energy storage systems (ESS). Proposed law provides DRBIP shall be funded through LED for a maximum of \$8 M with \$500,000 of that funding be dedicated to reimbursement for lower and middle income residential applicants. Proposed law provides that a fund be established to facilitate the program. Funds appropriated to DRBIP shall remain in the fund until allocated or until the fund terminates. Proposed law provides for certain energy storage reimbursements awarded be calculated at the lowest amount as determined by application based on specific parameters delineated in proposed law. Proposed law outlines the parameters for applicants that are eligible for the program. Proposed law defines "residential property", "community center", "K-12 educational institution", and "lower and middle income". Proposed law describes "eligible system technology" and "ineligible system technology". Proposed law describes "system use". Proposed law terminates this program and for it to be considered null and void on 12/31/24. Propose law provides for LED to promulgate rules necessary to implement proposed law.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$2,667,000	\$2,667,000	\$2,666,000	\$0	\$0	\$8,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	(\$8,000,000)	\$0	\$0	\$0	\$0	(\$8,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$8,000,000	\$0	\$0	\$0	\$0	\$8,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will increase SGF expenditures on the Department of Economic Development to implement the provisions in this bill. **The department reports that they will need one position for \$105,000 annually for three years to administer and oversee the contract for this program.** The position is a Business Development Officer 2 with an annual salary of \$62,889 and related benefits of \$42,111. Also, LED assumes 5% (\$400,000) (based on what it describes as the generally accepted market rate) is needed for professional services for the contract with a third-party administrator for the Disaster Resiliency Battery Incentive Program. Proposed law provides for \$8 M; however, the source of the \$8M is not identified. For purposes of this bill the Legislative Fiscal Office assumes it will be SGF.

Expenditure Details

	FY 23	FY 24	FY 25
Personal Services	\$105,000	\$105,000	\$105,000
Operating Expenses	\$2,428,666	\$2,428,666	\$2,428,666
Professional Services	\$133,334	\$133,334	\$133,333
Total	\$2,667,000	\$2,667,000	\$2,666,999

The Legislative Fiscal Office (LFO) cannot corroborate the needed position reported by LED. LFO acknowledges that a third-party administrator will be hired to administer the Disaster Resiliency Battery Incentive Program.

Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be additional material costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking, and custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates that it will be required to add one T.O. position at a total personnel services cost of approximately \$73,000 plus approximately \$2,450 for a one-time purchase of new office equipment. These expenditures are assumed to be SGR in this fiscal note.

REVENUE EXPLANATION

Proposed law creates the Disaster Resiliency Battery Incentive Fund a special fund in the state treasury. Monies in the fund shall be used solely for the administration of the DRBIP. The fund shall terminate on 12/31/24. However, it does not provide a source of the revenue for the fund. Proposed law provides for program funding up to \$8 M ; however, the source of the \$8 M is not identified. For purposes of this bill the Legislative Fiscal Office assumes it will be SGF.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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