

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 25-1961/1	Introduction Number AB-0069
Description the sales and use tax exemption for electricity and natural gas sold for residential use	
Fiscal Effect State: <div style="display: flex; justify-content: space-between;"><div style="width: 30%;"><input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations</div><div style="width: 30%;"><input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Decrease Existing Revenues</div><div style="width: 30%;"><input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs</div></div> Local: <div style="display: flex; justify-content: space-between;"><div style="width: 30%;"><input type="checkbox"/> No Local Government Costs <input 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 checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory</div><div style="width: 30%;">5. Types of Local Government Units Affected <div style="display: flex; justify-content: space-between;"><div style="width: 30%;"><input type="checkbox"/> Towns <input checked="" type="checkbox"/> Counties <input type="checkbox"/> School Districts</div><div style="width: 30%;"><input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts</div><div style="width: 30%;"><input checked="" type="checkbox"/> Cities</div></div></div></div>	

Fiscal Estimate Narratives

DOR 2/27/2025

LRB Number	25-1961/1	Introduction Number	AB-0069	Estimate Type	Original
Description the sales and use tax exemption for electricity and natural gas sold for residential use					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the sale of electricity and natural gas during the months of November, December, January, February, March, and April for residential use is exempt from the sales and use tax.

Under the bill, electricity and natural gas sold for residential use would be exempt, regardless of the month in which the sale took place. The bill would be effective on the first day of the 2nd month after publication.

Based on data from the US Energy Information Agency and DOR records, the department expects the exempt portion of residential electricity and natural gas sales to increase by \$2.12 billion on an annualized basis under the bill. The department estimates state sales and use tax collections would decrease by about \$105.9 million (\$2.12 billion * 5%) on an annual basis.

Local sales and use taxes were 12% of state sales taxes in 2024. Assuming this percentage does not change, county and city sales and use taxes would decrease by \$12.7 million on a statewide annualized basis.

The fiscal effect could be higher or lower in any given year to the extent 1) utility rates change and 2) net energy consumption (volume) for residential use changes.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2025 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 25-1961/1		Introduction Number AB-0069	
Description the sales and use tax exemption for electricity and natural gas sold for residential use			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
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	\$	\$-105,900,000	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$-105,900,000	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$-105,900,000	-\$12,700,000	
Agency/Prepared By		Authorized Signature	Date
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