Fiscal Estimate - 2025 Session

| ☐ Updated | Corrected Supplemental | | | | | | | |
|--|--|--------|--|--|--|--|--|--|
| LRB Number 25-1318/1 | Introduction Number SB-0090 | | | | | | | |
| Description the sales and use tax exemption for electricity and natural gas sold for residential use | | | | | | | | |
| Fiscal Effect | | | | | | | | |
| Appropriations Reve | ase Existing Increase Costs - May be possible ease Existing absorb within agency's budget Increase Costs | to | | | | | | |
| Permissive Mandatory Perm | ease Revenue Counties Others | Cities | | | | | | |
| Fund Sources Affected Affected Ch. 20 Appropriations GPR FED PRO PRS SEG SEGS | | | | | | | | |
| Agency/Prepared By | Authorized Signature Date | | | | | | | |
| DOR/ Robert Schmidt (608) 266-5773 Robert Schmidt (608) 266-5773 | |)25 | | | | | | |

Fiscal Estimate Narratives DOR 3/10/2025

| LRB Number 25-1318/1 | Introduction Number | SB-0090 | 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

| \boxtimes | Original Updated | Corrected | Supplemental | | | | |
|---|--|--|--|--|--|--|--|
| LF | RB Number 25-1318/1 | Introduction Num | nber SB-0090 | | | | |
| | 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): | | | | | | |
| | | | | | | | |
| <u> </u> | II. Annualized Costs: Annualized Fiscal Impact on funds from | | | | | | |
| <u> </u> | | Increased Costs | Decreased Costs | | | | |
| A. | State Costs by Category | | | | | | |
| [5 | State Operations - Salaries and Fringes | \$ | \$ | | | | |
| (| FTE Position Changes) | | | | | | |
| 3 | State Operations - Other Costs | | | | | | |
| | ocal Assistance | | | | | | |
| / | Aids to Individuals or Organizations | | | | | | |
| | TOTAL State Costs by Category | \$ | \$ | | | | |
| B. State Costs by Source of Funds | | | | | | | |
| 0 | GPR | | | | | | |
| | FED | | | | | | |
| | PRO/PRS | | | | | | |
| | SEG/SEG-S | | and the second compact and the second compact and the second compact and the second compact and the second comp | | | | |
| III. State Revenues - Complete this only when proposal will increase or decrease state revenues | | | | | | | |
| (e. | g., tax increase, decrease in license fee, | | | | | | |
| <u>_</u> | | Increased Rev | Decreased Rev | | | | |
| - | GPR Taxes | \$ | \$-105,900,000 | | | | |
| - | GPR Earned | | | | | | |
| - | FED | | anatomiski parytinki me iminosiya aki attinini akida Valorumina saanel milaka kana aninomishikinta aa lakaatomin ku | | | | |
| - | PRO/PRS | | | | | | |
| | SEG/SEG-S | | A 4 0 F 0 0 0 0 0 0 0 | | | | |
| Ш | TOTAL State Revenues | \$ | \$-105,900,000 | | | | |
| <u></u> | NET ANNUALIZED FISCAL IMPACT | | | | | | |
| NET OLIANOE IN COOTS | | State of the state | <u>Loca</u> \$ | | | | |
| | T CHANGE IN COSTS | \$ 105,000,000 | | | | | |
| INE | NET CHANGE IN REVENUE \$-105,900,000 -\$12,700,000 | | | | | | |
| Ar | ency/Prepared By | Authorized Signature | Date | | | | |
| _ | OR/ Robert Schmidt (608) 266-5773 | Robert Schmidt (608) 266-57 | and the second s | | | | |
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