

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 21 (Senator Lawlah)

Finance

Gas Companies and Electric Companies - Rates - Reductions

This bill establishes a Universal Service Program to provide gas and electric services to low-income customers at a reduced rate. The bill requires the Public Service Commission to: (1) establish gas and electric service rate reductions for individuals who have a family income at or below 200% of the federal poverty guidelines; and (2) impose a surcharge on Maryland customers of gas and electric services. The bill also requires the Comptroller to collect the revenue from the surcharge and deposit it into a Universal Service Program Fund, which will be used to reimburse gas and electric companies for the cost of the rate reductions.

Fiscal Summary

State Effect: Indeterminate effect on special fund revenues and expenditures. No effect on the general fund.

Local Effect: None.

Small Business Effect: Minimal. The bill gives the Public Service Commission the authority to impose a reasonable surcharge on gas and electricity consumers. As a result, small business consumers of gas and electricity will experience higher energy bills.

Fiscal Analysis

State Effect: This bill creates a new special fund entitled the Universal Service Program Fund. The effect on special fund revenues and expenditures is indeterminate because the bill does not set the rate reductions for low-income families or the surcharge for gas and electricity consumers. These rates will later be set by the Public Service Commission.

This bill would not affect the general fund. Due to the small number of gas and electric companies involved, any cost incurred by the Comptroller in processing returns and payments could be absorbed within existing resources. Likewise, the Public Service Commission's additional responsibilities could be absorbed within existing resources.

Families of 4 earning less than \$16,450 meet the federal poverty guidelines. The number of individuals in Maryland who have a family income below 200% of the federal poverty guidelines is not readily available. However, according to U.S. Bureau of the Census statistics, in 1989 there were 75,313 Maryland families living in poverty.

Information Sources: Public Service Commission, Department of Assessments and Taxation, Comptroller of the Treasury, U.S. Department of Health and Human Services, Regional Economic Studies Institute, U.S. Census Bureau

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Analysis by: Jo Ellan Jordan

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510