

FINANCIAL IMPACT OF THE REFERENDUM ON CERTAIN PROVISIONS RELATED TO NET METERING SET FORTH IN 2015 STATUTES OF NEVADA, CHAPTER 379 PETITION

FINANCIAL IMPACT – CANNOT BE DETERMINED

OVERVIEW

The Referendum on Certain Provisions Related to Net Metering Set Forth in 2015 Statutes of Nevada, Chapter 379 petition (Referendum) proposes to seek voter approval or disapproval of the provisions related to net metering in Senate Bill 374 of the 2015 Legislative Session, which was approved by the Legislature on June 1, 2015, and signed by the Governor on June 5, 2015.

Pursuant to Article 19, Section 1 of the *Nevada Constitution*, a referendum proposing to approve or disapprove any statute or resolution, or part thereof, enacted by the Legislature is to be submitted to the voters at the next succeeding election at which the question may be voted on by the registered voters of the entire state. If the majority of the voters approve the statute or resolution, it shall stand as the law of the state and may not be amended, annulled, repealed, set aside, suspended, or in any way made inoperative without a direct vote of the people. If the majority of the voters reject the statute or resolution, it becomes void and has no effect, effective upon the canvass of the votes by the Nevada Supreme Court.

Pursuant to NRS 295.045, the question that would be placed on the ballot regarding approval or disapproval of the provisions related to net metering in Senate Bill 374 of the 2015 Legislative Session would require the voter to decide whether he or she approves of the provisions related to net metering. The Referendum would appear on the 2016 General Election ballot on November 8, 2016, if it qualifies for submission, and the result of the ballot question would become effective on November 22, 2016, pursuant to NRS 293.395, upon the canvass of the votes by the Nevada Supreme Court.

FINANCIAL IMPACT OF THE INITIATIVE

If a majority of the voters approve the provisions of the Referendum, the provisions relating to net metering as approved in Senate Bill 374 would remain in effect, and the Referendum would result in no financial impact upon state or local government.

If a majority of the voters disapprove of the provisions of the Referendum, the provisions relating to net metering as approved in Senate Bill 374 would be repealed, effective November 22, 2016. The Governor's Office of Energy and the Public Utilities Commission of Nevada have indicated that the repeal of these provisions would result in no financial impact relating to the administration of the provisions of the Referendum.

Under current law, state and local governments, including school districts, may receive revenue from taxes and fees imposed upon certain public utilities operating within the jurisdiction of that government entity, based on the gross revenue or net profits received by the public utility within that jurisdiction. The Fiscal Analysis Division cannot determine what effect, if any, the approval or disapproval of the Referendum may have on the consumption of electricity in Nevada, the price of electricity that is sold by these public utilities, or the gross revenue or net profits received by these public utilities. Thus, the potential effect, if any, upon revenue received by those government entities cannot be determined with any reasonable degree of certainty.

Additionally, because the Fiscal Analysis Division cannot predict whether the Referendum would result in any specific changes in the price of electricity or the consumption of electricity by state and local government entities, the potential expenditure effects on those government entities cannot be determined with any reasonable degree of certainty.

Prepared by the Fiscal Analysis Division of the Legislative Counsel Bureau – February 9, 2016