Ballot Proposition 127
Clean Energy for a Healthy Arizona
Fiscal Impact Summary

A.R.S. § 19-123E requires the Joint Legislative Budget Committee Staff to prepare a summary of 300 words or less on the fiscal impact of voter-initiated ballot measures. The proposition would amend the Arizona Constitution to establish a renewable energy requirement for electric utilities regulated by the Arizona Corporation Commission. Currently, the Commission requires their regulated utilities to get 8% of their electricity for retail sales from renewable sources and raises that standard to 15% by 2025. Proposition 127 would instead require these utilities to increase their electricity for retail sales from renewable sources to 12% in 2020 and to 50% in 2030. The proposition would require 10% of retail electricity sales to be from renewable energy resources produced on the customer's premises by 2030.

Proposition 127's fiscal impact is difficult to quantify in advance, especially since it would not be fully implemented until 2030. In the intervening years, technology changes may significantly affect the cost of producing both renewable and non-renewable energy. In addition, current studies have produced varying estimates of the economic impact of higher renewable energy requirements.

By revising the mix of energy sources used to generate electric power, Proposition 127 may directly affect the following:

- Retail electricity prices: Retail electricity sales are subject to the state's sales tax, and price changes may affect revenue collections. To the extent that government agencies are consumers of electricity, price changes may also affect their expenditures.
- Employment in energy production industries: Employment changes may affect state income tax collections.
- Assessed property value for energy production facilities: Electricity infrastructure is subject to property taxes, so any changes in such infrastructure may affect property tax collections.

The revised mix of energy sources may have other impacts on business profits and consumer disposable income that would potentially affect state revenue collections.