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FISCAL NOTE

Drafting Number: LLS 19-0339 **Date:** April 1, 2019
Prime Sponsors: Rep. Becker; Jackson **Bill Status:** House Energy & Environment
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Bill Topic: CLIMATE ACTION PLAN TO REDUCE POLLUTION

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - Local Government
 - Statutory Public Entity

This bill sets statewide greenhouse gas pollution reduction goals relative to 2005 statewide greenhouse gas pollution levels and requires the Air Quality Control Commission to adopt rules and regulations for statewide greenhouse gas pollution reduction. It increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2019-20, the bill requires an appropriation of \$281,588 to the Department of Public Health and Environment.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 19-1261**

		FY 2019-20	FY 2020-21
Revenue		-	-
Expenditures	General Fund	\$281,588	\$314,889
	Centrally Appropriated	\$59,904	\$70,950
	Total	\$341,492	\$385,839
	Total FTE	2.5 FTE	3.0 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill sets statewide greenhouse gas (GHG) pollution reduction goals relative to 2005 statewide GHG pollution levels as follows:

- 26 percent reduction by 2025;
- 50 percent reduction by 2030; and
- 90 percent reduction by 2050.

The Air Quality Control Commission (AQCC) in the Colorado Department of Public Health and Environment (CDPHE) is required to adopt rules and regulations for statewide greenhouse gas pollution reduction. Rules must take into account other relevant laws and rules, as well as voluntary actions taken by local communities and the public sector, to enhance the efficiency and cost-effectiveness of the adopted rules. The rules must provide for ongoing tracking of emission sources and include strategies designed to achieve reductions in harmful air pollution. The Air Pollution Control Division in the CDPHE is required to solicit input from other state agencies, stakeholders, and the public on the advantages of different statewide GHG pollution mitigation measures. The division will report to the General Assembly every odd-numbered year on the progress toward the goals listed above.

Clean energy plans. The AQCC is required to consult with the Public Utilities Commission (PUC) in the Department of Regulatory Agencies in designing, implementing, and enforcing programs and requirements. The AQCC and division are also required to consider any clean energy plan at the PUC designed to achieve at least an 80 percent reduction in GHG emissions caused by the utility's Colorado retail electricity sales by 2030, relative to 2005 levels.

Background

Executive Order D 004-08, issued by Governor Ritter, required the CDPHE to report GHG emissions by sector every five years. The CDPHE is currently updating Colorado's GHG emission inventory to be released in Spring 2019. This inventory assesses GHG emissions from electric power generation, transportation, residential/commercial/industrial fuel use, natural gas and oil systems, agriculture, coal mining, abandoned mines, industrial processes, and waste management activities.

The most recent Colorado Climate Plan, released January 31, 2018, was developed collaboratively by a number of state agencies and stakeholders. The state agencies include the Department of Natural Resources, the CDPHE, the Colorado Energy Office, the Colorado Department of Transportation, the Colorado Department of Agriculture, the Office of Economic Development and International Trade, and the Department of Local Affairs. The plan includes strategies and recommendations for reducing greenhouse gas emissions in all sectors of the economy.

State Expenditures

This bill will increase General Fund expenditures by \$341,492 and 2.5 FTE in FY 2019-20 and \$385,839 and 3.0 FTE in FY 2020-21 for the CDPHE.

**Table 2
 Expenditures Under HB 19-1261**

	FY 2019-20	FY 2020-21
Department of Public Health and Environment		
Personal Services	\$176,825	\$214,544
Operating Expenses and Capital Outlay Costs	\$11,496	\$7,078
Legal Services	\$93,267	\$93,267
Centrally Appropriated Costs*	\$59,904	\$70,950
FTE – Personal Services	2.0 FTE	2.5 FTE
FTE – Legal Services	0.5 FTE	0.5 FTE
Total Cost	\$341,492	\$385,839
Total FTE	2.5 FTE	3.0 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Air Pollution Control Division, CDPHE. To implement the requirements of this bill, the division will add 2.2 FTE in FY 2019-20 and 2.5 FTE in FY 2020-21. Costs in FY 2019-20 are prorated to reflect the General Fund payday shift. Staff will conduct a stakeholder process including the state agencies that developed the Colorado Climate Plan. Staff will research GHG emissions and develop reduction strategies for all economic sectors. The division will identify and conduct outreach to communities disproportionately impacted by climate change, proposed reduction strategies, or whose economies are dependent on operations that generate significant GHG emissions. Staff will also research tools to track GHG emissions data for all sectors and will go through the procurement process to purchase a tracking system after FY 2021-22. Depending on the rules adopted, staffing is expected to increase beginning in FY 2021-22, with the CDPHE seeking additional appropriations through the annual budget process.

Legal Services. Rulemaking by the AQCC will begin in FY 2019-20 to address GHG emissions reporting. Additional rulemaking will be conducted each year as strategies for additional GHG emission sectors are developed. The AQCC requires 900 hours of legal services per year from the Department of Law at a rate of \$103.63 per hour and an allocation of 0.5 FTE.

Public Utilities Commission, Department of Regulatory Agencies. The PUC may have a minimal increase in workload to consult with the AQCC on GHG emissions from the energy sector. The PUC currently considers current environmental regulations and can choose to consider the likelihood of future environment regulations. This workload increase can be accomplished within existing appropriations.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$59,904 in FY 2019-20 and \$70,950 in FY 2020-21.

Local Government

Local governments will have an increase in workload to work with the CDPHE on existing and potential future GHG emissions pollution reduction strategies.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2019-20, the bill requires a General Fund appropriation of \$281,588 to the Department of Public Health and Environment and 2.0 FTE. The Department of Law requires \$93,267 in reappropriated funds and 0.5 FTE.

State and Local Government Contacts

Governor
Natural Resources

Information Technology
Public Health and Environment

Law
Regulatory Agencies