



**Legislative
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**FINAL
FISCAL NOTE**

Drafting Number: LLS 19-1050
Prime Sponsors: Rep. Becker; Galindo
 Sen. Winter; Donovan

Date: July 11, 2019
Bill Status: Signed into Law
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Bill Topic: JUST TRANSITION FROM COAL-BASED ELECTRIC ENERGY ECONOMY

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

The bill creates the Just Transition Office in the Colorado Department of Labor and Employment (CDLE) to oversee the creation of a just transition plan that will assist communities and workers whose coal-related industries and jobs are subject to significant economic transition. It will increase state expenditures beginning in FY 2019-20 and may increase state revenue from gifts, grants, or donations.

Appropriation Summary: For FY 2019-20, the bill requires and includes an appropriation of \$156,678 to multiple departments.

Fiscal Note Status: This fiscal note reflects the enacted bill.

**Table 1
State Fiscal Impacts Under HB 19-1314**

		FY 2019-20	FY 2020-21
Revenue		-	
Expenditures	General Fund	\$156,678	\$160,190
	Centrally Appropriated	\$28,070	\$30,938
	Total	\$184,748	\$191,128
	Total FTE	1.8 FTE	2.0 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill creates the Just Transition Office in the Colorado Department of Labor and Employment (CDLE) to assist communities and workers whose coal-related industries and jobs are subject to significant economic transition.

Just Transition Office. The office is created in the Division of Employment and Training in CDLE as a type 2 transfer. The office is required to:

- identify or estimate the timing and location of facility closures and job layoffs in coal-related industries and their impact on affected workers, businesses, and coal transition communities, then make recommendations to the advisory committee as to how the office can most effectively respond to these economic dislocations;
- provide administrative, logistical, research, and policy support to the advisory committee's work;
- participate in CDLE's SMART Act presentation to the General Assembly regarding requirements for financing components of the just transition plan, administering the plan, and expected results; and
- engage in relevant administrative proceedings, such as matters before the Public Utilities Commission and the Air Quality Control Commission.

Advisory committee. An 19-member advisory committee is created to develop and recommend a just transition plan for the state. It is required to meet at least once every quarter. Members include:

- the CDLE's executive director or a designee;
- the Office of Economic Development's director or a designee;
- the Colorado Energy Office's director or a designee;
- the Department of Local Affairs' (DOLA) executive director or a designee;
- a Governor's Office representative;
- a senator appointed by the President of the Senate;
- a representative appointed by the Speaker of the House; and
- twelve members appointed by the director of the Just Transition Office, including:
 - N three representatives of coal transition workers;
 - N three representatives from coal transition communities;
 - N two representatives with professional economic development or workforce retraining experience;
 - N two representatives of disproportionately impacted communities; and
 - N two representatives of utilities operating coal-fueled electric generating units.

Appointment terms are four years, with exceptions made to stagger initial terms. Legislative and appointed members are entitled to a 50 percent reduced per diem and actual and necessary expense reimbursement, and ex officio members are entitled to expense reimbursement alone. The advisory committee may engage additional nonvoting members or advisors to provide additional expertise as needed. The advisory committee is repealed on September 1, 2025, pending a sunset review.

Just transition plan. The bill sets two deadlines for a just transition plan: July 1, 2020, for the draft plan, and December 31, 2020, for the final plan, as discussed below.

Draft plan. By July 1, 2020, the advisory committee must present a draft plan to the CDLE and DOLA, which is required to include considerations for:

- aligning existing local, state, and federal resources and programming, as well as establishing additional resources and programming;
- creating a benefit structure for coal transition workers, including consideration of transition benefits equivalent in type, amount, and duration to federal benefits under the Trade Adjustment Assistance Act, as well as wage differential benefits;
- informing workers, in collaboration with employers and unions, on how to apply for transition benefits; and
- establishing and structuring a grant program.

The draft plan must also identify and consider projected short-term and long-term costs and benefits to the state of each plan component, including worker benefits, grant programs, and other supports; potential funding sources; potential fiscal, economic, workforce, and other implications; and which components of the just transition plan can be implemented by the departments under existing authority and which require additional legislation.

Final plan. Based on the draft just transition plan recommended by the advisory committee and with the approval of the executive directors of the CDLE and DOLA, the CDLE is required to submit the plan to the Governor and the General Assembly by December 31, 2020. The plan must include:

- benefits, grants, and other components that the office, CDLE, and DOLA can coordinate and implement under existing authority as well as those that require additional legislative authority;
- sources of funding that may be accessed from federal, state, local, and other sources without additional legislative authority as well as those that require legislative or voter approval.

Definition of coal transition worker and communities. A coal transition worker is any state resident laid-off from employment in a coal mine, coal-fueled electrical power generating plant, or the manufacturing and transportation supply chains of either on or after the bill's effective date. Coal transition communities are defined as municipalities, counties, or regions that have been affected in the previous 12 months or that demonstrate an impact within the next 36 months by the loss of 50 or more jobs from a coal mine, coal-fueled electrical power generating plant, or the manufacturing and supply chains of either.

Transition plan requirements for coal-fueled utilities. Electric coal-fueled utilities with a nameplate rating of at least 50 megawatts are required to submit a workforce transition plan to the office at least 90 days before the retirement of the facility. The plan must detail number of workers who will be laid-off; their job classifications; offers of other employment to these workers; and scheduled facility retirements. If a replacement electric generating facility is planned, the report must also include information about job availability and job outsourcing.

Just Transition Cash Fund. The bill creates the Just Transition Cash Fund which consists of money credited to the fund, any other money appropriated or transferred by the General Assembly, and may cover the direct and indirect costs of the office. The fund is subject to annual appropriation by the General Assembly.

Background

Coal transition workers. According to the U.S. Bureau of Labor Statistics, there were 1,994 employees that would qualify under the bill as coal transition workers in 2017. On average, these employees made \$93,913 per year, as shown in Table 2. Table 2 does include transportation and supply chain workers that may be eligible for coal transition benefits under the bill, as the number of these workers cannot be determined.

Table 2
2017 Employment Data for Direct Coal Workers

Job Classification	Number of Workers	Average Annual Wages
Coal Mining	1,230	\$93,906
Coal Mining Support Activities	189	\$57,868
Fossil Fuel Electric Generation	575	\$105,777
Total	1,994	\$93,913

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

Coal transition communities. Based on the same data from the U.S. Bureau of Labor Statistics, the following counties have at least 50 coal-impacted employees; detailed data is unavailable for municipalities:

- Delta
- Gunnison
- La Plata
- Moffat
- Montrose
- Rio Blanco
- Routt
- Weld

State Revenue

The bill authorizes the CDLE to receive and expend gifts, grants, and donations, which are exempt from TABOR. No source of gifts, grants, or donations has been identified as of this writing.

State Expenditures

The bill increases state General Fund expenditures by \$184,748 and 1.8 FTE in FY 2019-20 and \$190,210 and 2.0 FTE in FY 2020-21 in the CDLE. Expenditure impacts are outlined in Table 3 and discussed below.

**Table 3
Expenditures Under HB 19-1314**

	FY 2019-20	FY 2020-21
Department of Labor and Employment		
Personal Services	\$131,992	\$143,992
Operating Expenses/Capital Outlay	\$11,306	\$1,900
Legislative Per Diems and Travel Costs	\$920	\$920
Advisory Committee Reimbursements and Per Diems	\$7,220	\$7,220
Meeting Costs	\$5,240	\$5,240
Computer Programming	-	-
Benefits and Grants	-	-
Centrally Appropriated Costs*	\$28,070	\$30,938
Total Cost	\$184,748	\$190,210
Total FTE	1.8 FTE	2.0 FTE

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

Department of Labor and Employment. Beginning in FY 2019-20, the CDLE requires a full-time Program Manager and Administrator to staff the Just Transition Office. Standard operating expenses and capital outlay costs are included and first-year costs reflect the General Fund pay date shift.

- *Advisory committee.* The 2 legislative members and the 11 appointed members of the advisory committee are eligible for legislative per diems at half the current legislative per diem rate of \$110, which is \$55. All members, including ex officio members, are eligible for reimbursement of half of their actual and necessary expenses. Assuming the committee meets the required four times per year, these costs are estimated at \$920 for the Legislative Department, and \$7,220 for remaining committee members per year. The fiscal note also includes \$5,240 for meeting costs, which includes room rentals and catering. These costs will be incurred from FY 2019-20 until the advisory committee repeals pending a sunset review in FY 2025-26.

The fiscal note assumes that funding for a final plan will be provided through future legislation, based on the recommendations submitted to the Governor and the General Assembly in December 2020.

Other state agencies. The Office of Economic Development, the Colorado Energy Office, and the Governor's Office will have a workload increase to participate in the work of the advisory body. This 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 \$28,070 in FY 2019-20 and \$30,938 in FY 2020-21.

Local Government

The fiscal note assumes that any grant funding to local governments through the Just Transition Office will be provided through future legislation after the final just transition plan is submitted.

Effective Date

The bill was signed into law by the Governor and took effect on May 28, 2019.

State Appropriation

For FY 2019-20, the bill requires and includes a General Fund appropriation of \$156,678, of which \$155,758 is appropriated to the Department of Labor and Employment with an allocation of 1.8 FTE, and \$920 is appropriated to the Legislative Department for legislative per diems and reimbursements.

State and Local Government Contacts

Colorado Energy Office
Governor
Labor

Counties
Higher Education
Legislative Council

Economic Development
Information Technology
Municipalities