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Fiscal Note

Drafting Number: LLS 21-0902 **Date:** April 28, 2021
Prime Sponsors: Rep. Esgar; Will **Bill Status:** House Business
 Sen. Fenberg; Rankin **Fiscal Analyst:** Erin Reynolds | 303-866-4146
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Bill Topic: **ADDITIONAL FUNDING FOR JUST TRANSITION**

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill provides funding to the Department of Labor and Employment (CDLE) for the Office of Just Transition and Direct Assistance to Coal Transition Workers. It creates a one-time state transfer and will increase state expenditures through FY 2022-23. Additionally, local governments identified as coal transition communities are expected to have an increase in revenue and workload under the bill.

Appropriation Summary: The bill includes an appropriation of \$15.0 million to the Department of Labor and Employment in FY 2021-22, which may be used through FY 2022-23.

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

Table 1
State Fiscal Impacts Under HB 21-1290

		Current Year FY 2020-21	Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-	-
Expenditures	Cash Funds	-	\$10,451,748	\$4,451,748
	Centrally Appropriated	-	\$48,252	\$48,252
	Total Expenditures	-	\$10,500,000	\$4,500,000
	Total FTE	-	3.0 FTE	3.0 FTE
Transfers	General Fund	(\$15,000,000)	-	-
	Cash Funds	\$15,000,000	-	-
	Net Transfer	\$0	-	-
TABOR Refund		-	-	-

Summary of Legislation

The bill provides funding to the Department of Labor and Employment (CDLE) for the Office of Just Transition and Coal Transition Worker Assistance Programs, as detailed below.

Funding. In FY 2020-21, the bill transfers \$15.0 million from the General Fund to CDLE as follows:

- \$8.0 million to the Just Transition Cash Fund;
- \$7.0 million to the newly created Coal Transition Worker Assistance Program Account in the Just Transition Cash Fund.

Office of Just Transition. The Office of Just Transition in the CDLE, in consultation with the Just Transition Advisory Committee, is required to spend the \$8.0 million transferred to the Just Transition Cash Fund to implement the final just transition plan and provide supplemental funding for existing state programs that the office identifies as the most effective vehicles for targeted investment in coal transition communities. The office is required to develop specific criteria for prioritizing the expenditures, emphasize investment in tier one transition communities, and support specified types of programs in accordance with the requirements and limitations listed in the bill. The office must spend at least 70 percent of transferred funds in FY 2021-22, and the remainder by FY 2022-23, and up to 5 percent of funding may be used for administrative costs.

Coal Transition Worker Assistance Program. The CDLE is required to spend the \$7.0 million transferred for Coal Transition Worker Assistance Programs as follows: first, for assistance programs that directly assist coal transition workers and then, if money remains, to support family and other household members of coal transition workers and create and implement a pilot program to test innovative coal transition work support programs. The department must spend at least 70 percent of transferred funds in FY 2021-22, and the remainder by FY 2022-23, and up to 5 percent of funding may be used for administrative costs.

Definitions. The bill modifies existing definitions of "coal transition community," "coal transition worker," and "wage differential benefit," and adds new definitions for "tier one coal transition worker," "tier one transition community," "tier two coal transition worker," and "tier two transition community."

Background

House Bill 19-1314 created the Office of Just Transition in CDLE. The Just Transition Action Plan is available at: <https://cdle.colorado.gov/the-office-of-just-transition>. For CDLE's list of coal transition communities, see: <https://cdle.colorado.gov/coal-in-colorado>.

State Transfers

In the current FY 2020-21, the bill transfers \$15.0 million from the General Fund to the Just Transition Cash Fund, of which \$7.0 million is deposited into the Coal Transition Worker Assistance Program Account.

State Expenditures

The bill increases state expenditures in CDLE by \$15.0 million between FY 2021-22 and FY 2022-23, and shown in Table 2 and detailed below.

**Table 2
 Expenditures Under HB 21-1290**

Cost Components	FY 2020-21	FY 2021-22	FY 2022-23
Department of Labor and Employment			
Personal Services	-	\$201,715	\$201,715
Operating Expenses	-	\$4,050	\$4,050
Capital Outlay Costs	-	\$18,600	-
Just Transition Implementation	-	\$5,483,158	\$2,292,458
Direct Assistance to Coal Transition Workers	-	\$4,744,225	\$1,953,525
Centrally Appropriated Costs ¹	-	\$48,252	\$48,252
Total	-	\$10,500,000	\$4,500,000
Total FTE	-	3.0 FTE	3.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Labor and Employment. The Just Transition Office in CDLE requires 1.5 FTE, including 1.0 FTE Program Assistant and 0.5 FTE Accountant II, for just transition plan implementation and to distribute supplemental funding. CDLE also requires 1.5 FTE, including 1.0 FTE Administrator and 0.5 FTE Accountant, to implement a coal transition worker assistance program. These costs are below the 5 percent threshold for administrative costs permitted in the bill; however, some remaining funding may be used for other operational related expenditures.

After administrative costs, up to \$7.8 million is available for just transition implementation and up to \$6.7 million is available for coal transition worker assistance, to be spent over two fiscal years.

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 shown in Table 2.

Local Government

CDLE has identified the following counties as coal transition communities: El Paso, Gunnison, La Plata, Larimer, Moffat, Montrose, Morgan, Pueblo, Rio Blanco, and Routt counties. It is expected that local government entities in these areas of the state will receive just transition funding. These entities will have an increase in workload to administer this revenue.

Effective Date

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

State Appropriations

For FY 2021-22, the bill includes the following appropriations to the Department of Labor and Employment:

- \$8,000,000 from the Just Transition Cash Fund, which is further appropriated in FY 2022-23; and
- \$7,000,000 from the Coal Transition Worker Assistance Program Account of the Just Transition Cash Fund, which is further appropriated in FY 2022-23, and 1.0 FTE.

In addition, the CDLE requires an additional allocation of 1.5 FTE for the Office of Just Transition and 0.5 FTE for the Coal Transition Worker Assistance Program.

State and Local Government Contacts

Counties
Law

Information Technology
Local Affairs

Labor
Municipalities