



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Revised Fiscal Note

(replaces fiscal note dated February 22, 2022)

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<b>Drafting Number:</b>	LLS 22-0614	<b>Date:</b>	March 15, 2022
<b>Prime Sponsors:</b>	Rep. Cutter Sen. Priola	<b>Bill Status:</b>	Senate Finance
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**Bill Topic:** **WASTE DIVERSION & CIRCULAR ECONOMY DEVELOPMENT CENTER**

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**Summary of Fiscal Impact:**

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

The bill creates the Circular Economy Development Center in the Department of Public Health and Environment to promote markets for recycled commodities in Colorado. The bill also extends the repeal date of various waste programs and fees. Beginning in FY 2022-23, it increases state expenditures and beginning in FY 2026-27, it continues state revenue from solid waste user fees that would otherwise repeal.

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**Appropriation Summary:** No appropriation is required.

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**Fiscal Note Status:** The fiscal note reflects the reengrossed bill.

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## Summary of Legislation

The bill creates the Circular Economy Development Center (center) in the Department of Public Health and Environment (CDPHE) to support end markets for recycled commodities and compost in Colorado. The CDPHE will contract with a third-party administrator to operate the center by July 1, 2023. The center must conduct a statewide end-market gap analysis and opportunity assessment and submit a final report to the CDPHE by August 1, 2024, in addition to annual progress reports beginning September 1, 2023. The CDPHE is required to include these annual reports in its annual SMART Act hearings. Costs associated with operating the center and for the CDPHE to oversee the center will be paid from the Front Range Waste Diversion Cash Fund and up to 40 percent from the Recycling Resources Economic Opportunity Fund. The center is authorized to seek, solicit, accept, and expend gifts, grants, and donations and is repealed September 1, 2030, following a sunset review.

The bill modifies grant award limitations under the Front Range Waste Diversion (FRWD) Enterprise (enterprise) and extends the repeal date of the enterprise to September 1, 2030. It also extends the repeal dates of the Recycling Resources Economic Opportunity (RREO) Grant Program and associated cash fund to September 1, 2030.

Finally, the bill extends the repeal of the FRWD solid waste user fee and RREO solid waste user fee to September 1, 2030, and continues the solid waste user fee indefinitely which, under current law, repeals July 1, 2026.

## Background

**Senate Bill 20-055.** Senate Bill 20-055 required the CDPHE to convene a stakeholder group to inform the structure and governing guidance for a recycling market development center to incentivize the development of recycling end markets in Colorado. The CDPHE submitted [a final report to the General Assembly](#) in July of 2021. This bill implements the recommendations found in that report.

**Front Range Waste Diversion Enterprise.** The enterprise was created in the CDPHE by SB 19-192 to promote waste diversion in the counties of Adams, Arapahoe, Boulder, Douglas, Elbert, El Paso, Jefferson, Larimer, Pueblo, Teller, and Weld, and the cities and counties of Broomfield and Denver. The enterprise is funded by an increase in solid waste user fees effective January 1, 2020. Under current law, user fees are \$0.30 per cubic yard per load in calendar year 2021 and increase to \$0.60 per cubic yard per load in calendar year 2023. In following years, the amount of the fee is adjusted for inflation until the fee repeals effective September 1, 2029, under current law. The enterprise administers a grant program and is governed by a 13-member board of directors. The Front Range Waste Diversion Cash Fund is continuously appropriated to the enterprise.

**The Recycling Resources Economic Opportunity Program.** The RREO program was created in 2007, to promote waste diversion, recycling, recycling markets, the beneficial use of discarded materials, and other recycling-related activities. Grants and rebates are available to businesses, local governments, nonprofit organizations, and schools and universities to address these issues. The program is funded by an increase in solid waste user fees of \$0.14 per cubic yard per load. The Recycling Resources Economic Opportunity Cash Fund is annually appropriated to the CDPHE until the fund repeals effective July 1, 2026, under current law.

## State Revenue

Beginning in FY 2026-27, the bill results in a continuation of existing state revenue to a number of different fund sources by extending the repeal date for solid waste user fees. Table 1 below reflects the approximate annual fee revenue from solid waste user fees.

**Table 1  
 Solid Waste User Fee Revenue**

<b>Fee</b>	<b>Repeal Under Current Law</b>	<b>Repeal Under HB22-1159</b>	<b>Approximate Annual Revenue</b>	<b>Receiving Fund</b>
Solid Waste User Fee	July 1, 2026	Indefinitely	\$9.0 million	Hazardous Substance Response Fund; Solid Waste Management Fund
RREO User Fee	July 1, 2026	September 1, 2030	\$5.0 million	RREO Cash Fund
FRWD User Fee	September 1, 2029	September 1, 2030	\$19.5 million	FRWD Cash Fund

**State Expenditures**

Beginning in FY 2022-23, the CDPHE will have costs to operate and oversee the Circular Economy Development Center. Annual costs to operate and oversee the center are estimated to be \$495,000, with an additional \$100,000 in FY 2022-23 to support set up and initiation. These costs will be split approximately 60 percent from the FRWD Cash Fund (\$357,000) and 40 percent from the RREO Cash Fund (\$238,000). Funding from these cash funds used to operate and oversee the center will reduce the available funding for grants. The FRWD Cash Fund is continuously appropriated to the CDPHE, and therefore no appropriation is required for this portion of the funding. Funding from the RREO Cash Fund is annually appropriated by the General Assembly, and funds to implement this bill will be from existing appropriations.<sup>1</sup>

Workload will increase in the CDPHE and the Office of Economic Development to provide input to the center and report on progress to the General Assembly. This workload can be accomplished within existing resources.

**Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

**State and Local Government Contacts**

Information Technology  
 Office of Economic Development

Law  
 Public Health and Environment

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: [leg.colorado.gov/fiscalnotes](http://leg.colorado.gov/fiscalnotes).

<sup>1</sup> The CDPHE is requesting \$5.3 million in spending authority from the RREO Cash Fund in FY 2022-23 through the annual budget process. The Long Bill for FY 2022-23 has not yet been adopted. If spending authority from the RREO Cash Fund in the FY 2022-23 Long Bill is lower than requested by the CDPHE and insufficient funds are available to administer the center, additional appropriations may be required in this bill.