



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 23-0016 Date: July 28, 2023
Prime Sponsors: Rep. Kipp; Willford Bill Status: Signed into Law
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Bill Topic: ENVIRONMENTAL STANDARDS FOR APPLIANCES

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

The bill sets environmental standards on certain appliances and requires the Colorado Department of Public Health and Environment to verify compliance. The bill increases state expenditures and may increase state revenue on an ongoing basis starting in FY 2023-24.

Appropriation Summary: For FY 2023-24, the bill requires and includes an appropriation of \$49,730 to the Colorado Department of Public Health and Environment.

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

Table 1
State Fiscal Impacts Under HB 23-1161

Table with 4 columns: Category, Sub-category, Budget Year FY 2023-24, and Out Year FY 2024-25. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill expands the list of appliances subject to statutory Water and Energy Efficiency Standards. It requires the Colorado Department of Public Health and Environment (CDPHE) to update the list in accordance with the standards that exist in at least three other states or are published by the Energy Star Program or the WaterSense Program and promulgate other rules as necessary every five years beginning January 1, 2026. CDPHE must allow a one-year compliance grace period.

The bill phases in prohibitions on the manufacture, distribution, or sale of certain fluorescent lights and heating appliances. Manufacturers of heating appliances are subject to disclosure and testing requirements. The Air Quality Control Commission in CDPHE is required to lower the emission limits for new water heaters, boilers, and certain furnaces by 2029.

The bill requires CDPHE to verify compliance, report findings to the General Assembly, and deliver any violation findings to the Attorney General.

State Revenue

Civil penalties. The bill imposes a civil penalty of not more than \$2,000 for each transaction or online for-sale product listing to any person who sells or offers to sell any new consumer product that is subject to the efficiency standards. The bill requires CDPHE to inspect products for compliance and submit findings to the Attorney General, which may result in an increase in caseload and revenue from penalties. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

State Expenditures

The bill increases state expenditures in Colorado Department of Public Health and Environment by approximately \$51,000 in FY 2023-24 and \$29,000 in FY 2024-25, paid from the General Fund. Additionally, the bill increases workload in the Department of Law. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1161

	FY 2023-24	FY 2024-25
Department of Public Health and Environment		
Personal Services	\$5,848	\$23,291
Legal Services	\$43,882	-
Centrally Appropriated Costs ¹	\$1,648	\$5,487
FTE – Personal Services	0.1 FTE	0.3 FTE
FTE – Legal Services	0.2 FTE	-
Total Cost	\$51,378	\$28,778
Total FTE	0.3 FTE	0.3 FTE

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

Colorado Department of Public Health and Environment. CDPHE will have staffing and legal costs to implement the bill.

- **Staffing.** CDPHE requires 0.1 FTE in FY 2023-24 and 0.3 FTE in FY 2024-25 to conduct regular research around environmental standards and promulgate rules as result of the findings. First-year costs are prorated to account for the General Fund pay date shift and the bill's effective date.
- **Legal services.** CDPHE will require 415 hours (0.2 FTE) in FY 2023-24 only of legal services to support rulemaking. Legal services are provided by the Department of Law at a rate of \$105.74 per hour.
- **Rulemaking.** The fiscal note assumes that CDPHE is not required to go through its usual stakeholder engagement process but can instead rely on research of work done in other states and at the federal level.

Department of Law. The bill minimally increases workload to the extent that violations are discovered through the verification process. The department will review violations under the bill and prioritize investigations as necessary within available resources.

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.

Effective Date

The bill was signed into law by the Governor on June 1, 2023, and takes effect August 7, 2023, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires and includes a General Fund appropriation of \$49,730 to the Colorado Department of Public Health and Environment and 0.1 FTE. Of this amount, \$43,882 is reappropriated to the Department of Law with 0.2 FTE.

Departmental Difference

CDPHE estimates the bill requires an additional \$23,000 in FY 2023-24 only, paid from the General Fund, assuming that the rulemaking requirements in the bill will trigger a formal rulemaking process. As discussed in the State Expenditures section, the fiscal note uses different assumptions about rulemaking.

State and Local Government Contacts

Law
Secretary of State

Public Health and Environment
Information Technology

Regulatory Agencies