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Fiscal Note

Drafting Number:	LLS 23-0864	Date:	March 14, 2023
Prime Sponsors:	Rep. Brown; Soper Sen. Roberts	Bill Status:	House Energy & Environment
		Fiscal Analyst:	Colin Gaiser 303-866-2677 colin.gaiser@coleg.gov

Bill Topic: **STREAMLINED SOLAR PERMITTING & INSPECTION GRANTS**

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 checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates a grant program in the Governor's Energy Office to assist local governments in implementing automated permitting and inspection software for residential solar energy systems. It increases state expenditures and local revenue and expenditures beginning in the current FY 2022-23.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under HB 23-1234

		Current Year FY 2022-23	Budget Year FY 2023-24	Out Year FY 2024-25
Revenue			-	-
Expenditures¹	Cash Funds	-	up to \$992,709	up to \$994,532
	Centrally Appropriated	-	\$7,291	\$5,468
	Total Expenditures	-	up to \$1,000,000	up to \$1,000,000
	Total FTE	-	0.4 FTE	0.3 FTE
Transfers²	General Fund	(\$1,000,000)	-	up to (\$1,000,000)
	Cash Funds	\$1,000,000	-	up to \$1,000,000
	Net Transfer	\$0	-	\$0
Other Budget Impacts	GF Reserve		-	up to \$150,000

¹ Funds transferred by the bill may be spent across multiple fiscal years and the timing of expenditures may differ from these estimates.

² For FY 2024-25 and future years, the bill does not specify how much, if any, funding must be appropriated or transferred to the Streamlined Solar Permitting and Inspection Cash Fund. The fiscal note assumes that this amount may be determined by the General Assembly through the annual budget process and is likely to be less than or equal to the initial amount provided in this bill.

Summary of Legislation

This bill creates a grant program in the Colorado Energy Office (CEO) to assist local governments to implement free automated solar permitting and inspection software of residential solar energy systems. The CEO must develop an application and review process, and begin awarding grants no later than June 30, 2024. Grantees are required to implement free automated permitting software within 180 days, and make annual reports to the state. The CEO must make progress reports annually to relevant legislative committees each January from 2025 through 2033.

The bill creates the Streamlined Solar Permitting and Inspection Cash Fund. The fund is continuously appropriated to the CEO to implement the grant program. In the current FY 2022-23, the bill transfers \$1 million from the General Fund to the grant program fund. The CEO may use up to nine percent of money in the fund to cover its direct and indirect costs, with the remaining amount used for grants. The bill repeals on July 1, 2033.

State Transfers

In the current FY 2022-23, the bill transfers \$1.0 million from the General Fund to the Streamlined Solar Permitting and Inspection Cash Fund in the CEO. For FY 2024-25 and/or future years, the fiscal note assumes that any additional transfer to the cash fund will be determined through the annual budget process and appropriated in the Long Bill, based on program demand from the initial tranche of funding and a request from the CEO.

State Expenditures

Based on the amount of funding transferred by the bill, state cash fund expenditures will increase by a total of \$1.0 million starting in FY 2023-24 . This spending is from the continuously appropriated Streamlined Solar Permitting and Inspection Cash Fund in the CEO. This spending of the initial transfer may extend to future fiscal years. If the General Assembly appropriates additional money to the program's cash fund in FY 2024-25 or future years, additional spending will occur through the program's repeal in FY 2032-33. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1234

	FY 2023-24	FY 2024-25
Colorado Energy Office		
Personal Services	\$30,787	\$23,090
Grants ¹	up to \$961,922	up to \$971,442
Centrally Appropriated Costs ²	\$7,291	\$5,468
FTE – Personal Services	0.4 FTE	0.3 FTE
Total Cost	up to \$1,000,000	up to \$1,000,000
Total FTE	0.4 FTE	0.3 FTE

¹ The timing and amount of expenditures on grants may vary from this estimate, given that the program cash fund is continuously appropriated to the CEO. For all years, total expenditures above \$1.0 million will require additional transfers of funds above the amount transferred in the current FY 2022-23.

² Centrally appropriated costs are not included in the bill's appropriation.

Administration. The CEO will require 0.4 FTE in FY 2023-24, and 0.3 FTE in FY 2024-25 and future years for a Project Manager I to coordinate the program, design technical support resources for local governments, manage all contracts and third-party administrators, serve as the main point of contact for program inquiries, and lead monthly and annual reporting. Personal services costs are shown in Table 2 above.

Grants. After accounting for administrative expenses, at least \$910,000 of the initial tranche of funding must be used for grants to local governments. The exact amount above this minimum threshold will depend on CEO decisions regarding the grant timing and administrative expenses from the program's continuously appropriated cash fund. If additional appropriations or transfers are made to the fund in future years, the amount of grants will increase correspondingly.

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.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. If the General Assembly appropriates additional money to the cash fund created by the bill, the amount of General Fund available for other purposes will also decrease based on this reserve requirement.

Local Government

In FY 2023-24, local government revenue and expenditures will increase to the extent they receive grants from the state.

Effective Date

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

State Appropriations

No appropriation is required. Funds in the Streamlined Solar Permitting & Inspection Cash Fund are continuously appropriated to the CEO.

State and Local Government Contacts

Colorado Energy Office
Local Affairs
OEDIT

Counties
Municipal Utilities
Treasury

County Treasurers
Municipalities