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Final Fiscal Note

Drafting Number: LLS 24-0927 Date: May 29, 2024
Prime Sponsors: Rep. Wilson Bill Status: Postponed Indefinitely
Sen. Pelton B. Fiscal Analyst: Brendan Fung | 303-866-4781
brendan.fung@coleg.gov

Bill Topic: LICENSURE OF ELECTRICIANS

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

The bill would have updated electrician licensing, apprenticeship, photovoltaic installation oversight, and professional regulation requirements. It would have increased state revenue and expenditures starting in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill would have required an appropriation of \$508,430 to the Department of Regulatory Agencies.

Fiscal Note Status: This final fiscal note reflects the introduced bill. The bill was postponed indefinitely by the House Business Affairs & Labor Committee on March 6, 2024; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under HB 24-1263

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (TABOR Refund).

Summary of Legislation

The bill updates electrician licensing, apprenticeship, photovoltaic installation oversight, and professional regulation requirements under the Electricians' Practice Act.

Licensing requirements. For applicants of a journeyman electrician's license, the bill clarifies the minimum amount of required apprenticeship or practical experience to be 8,000 hours or four years, and 4,000 hours or two years of required commercial or industrial experience. For applicants of a residential wireman's license, the bill clarifies the minimum amount of required apprenticeship or practical experience to be 4,000 hours or two years. An apprentice who holds a residential wireman's license or works as an electrical contractor must only report qualifying hours or years for commercial or industrial work experience.

With certain stipulations, applicants for either license may substitute practical experience for training in photovoltaic (PV) installation, certification by the North American Board of Certified Energy Practitioners (NABCEP) to install PV systems, or apprenticeship with an NABCEP PV installation professional.

The bill allows the State Electrical Board to determine whether to provide credit for electrical work towards practical experience licensing minimums.

Apprenticeship. For public works projects that require graduating apprenticeship participation and reporting, the bill updates the definition of "graduate" to include any apprentice who has obtained a journeyman electrician's license, residential wireman's license, or master electrician license. Additionally, an apprentice may request exemption from future examinations regardless of their passing rate.

Photovoltaic supervision. The bill repeals the NABCEP's oversight of PV electrical work and allows the Public Utilities Commission or utility entity to monitor and enforce PV compliance with statutory requirements. Additionally, the bill removes requirements for applicants of project proposals and retail utilities to obtain certain information. The bill clarifies the definition and scope of photovoltaic electrical work to include stipulations for ground-mounted systems.

Regulation. The bill requires the Department of Regulatory Agencies (DORA) to uphold the National Electrical Code and apply the code to all equipment from the point at which service transformers generate voltage to usable systems for consumers. DORA must also work with utility entities to maintain safe clearances and working distances, and allow utility entities to install proper metering equipment. All equipment is subject to electrical inspection.

Background

The State Electrical Board licenses, registers, and regulates electricians, apprentices, and electrical contractors. The Board does not regulate communication systems, elevators or passenger conveyors, bridge or highway projects, or data processing systems. The Board conducts inspections of electrical installations in certain areas of the state and for certain public buildings, as well as reviews special requests for exceptions to the code.

Assumptions

The fiscal note assumes that state-conducted electrical inspections will increase in volume and workload as a result of the changes under the bill to include all electrical equipment, and below-ground and overhead connections. It is assumed that electrical permit inspections will increase by ten percent, or 4,815 inspections, beginning in FY 2024-25.

State Revenue

The bill increases state cash fund revenue by about \$635,000 starting in FY 2024-25, paid to the Division of Professions and Occupations Cash Fund, to cover the cost of implementing and administering electrical inspection requirements. These impacts are shown in Table 2 and discussed in more detail below. Fee revenue is subject to TABOR.

Table 2
Fee Impact on Electrical Permit Inspections

Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
Additional Electrical Inspections	\$92	4,815	\$442,980
Increased Electrical Permit Fee	\$4	48,150	\$192,600
Annual Fee Revenue			\$635,580

Fee impact on electrical permit inspections. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Currently, the state electrical inspection fee is \$88, which would increase by \$4 to \$92. Taking into account this increase in fees, as well as the anticipated increase in inspections under the bill, DORA will collect about \$635,500 each year in additional fees beginning in FY 2024-25. This proposed fee increase is an estimate only; actual fees will be set administratively by DORA based on cash fund balance, estimated program costs, and the estimated number of permits subject to the fee.

State Expenditures

The bill increases state expenditures in DORA by about \$596,000 in FY 2024-25 and \$634,000 in FY 2025-26, paid from the Division of Professions and Occupations Cash Fund. Expenditures are shown in Table 3 and detailed below.

**Table 3
 Expenditures Under HB 24-1263**

	FY 2024-25	FY 2025-26
Department of Regulatory Agencies		
Personal Services	\$334,501	\$406,190
Operating Expenses	\$384	\$512
Inspector Capital Outlay Costs	\$52,900	-
Inspector Operating Expenses	\$73,060	\$73,060
Vehicle Costs	\$47,585	\$47,585
Centrally Appropriated Costs ²	\$87,695	\$106,403
Total Cost	\$596,125	\$633,750
Total FTE	4.7 FTE	5.7 FTE

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

Staff. Starting in FY 2024-25, DORA requires 4.3 FTE Inspector II to conduct additional inspections and issue certificates, 1.0 FTE LTC Operations II to supervise new electrical inspectors, and 0.4 FTE Technician III to review permits for installation inspection and provide technical support to licensed electricians. The fiscal note assumes that an electrical inspection requires 2.3 hours of work and a permit review requires 0.25 hours of work. Staff costs and FTE are prorated in the first year based on the bill's effective date. Standard operating costs are included for this staff, as well as additional inspector capital and operating expenses (discussed below).

Inspector costs. Inspector II FTE and LTC Operations II FTE require nonstandard expenditures associated with mobile and remote work. Outlay costs in FY 2024-25 include personal protective equipment, worksite supplies, cell phone and computer equipment, and an electric vehicle charging station. Ongoing operating expenses starting in FY 2024-25 include wireless phone plans and software.

Motor fleet vehicles. Beginning in FY 2024-25, DORA requires a vehicle for each inspector and supervisor to conduct electrical inspections across the state and will make vehicle lease and operating cost payments to the Department of Personnel and Administration, which manages the state's fleet of vehicles.

Legal services. DORA may require legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations. Legal counsel is related to implementation and ongoing administration of the program.

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

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2023 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2025-26. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, except that changes in Section 7 related to oversight of PV electrical work takes effect July 1, 2029.

State Appropriations

For FY 2024-25, the bill requires an appropriation of \$508,430 from the Division of Professions and Occupations Cash Fund to the Department of Regulatory Agencies, and 4.7 FTE.

State and Local Government Contacts

Colorado Energy Office
Regulatory Agencies

Labor

Law

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 the [General Assembly website](#).