

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee Members
FROM Kevin Neimond, JBC Staff (303-866-4958)
DATE March 17, 2017
SUBJECT Placeholder for Legislation Related to the Colorado Energy Office

Action Requested

Staff requests that the Joint Budget Committee take action to placeholder funding for legislation to fund the Colorado Energy Office for FY 2017-18. The Committee may wish to set aside an amount equal to staff's recommendation (\$5.1 million General Fund), the Office's request (\$3.6 million General Fund), or an alternative amount.

Background

On Wednesday, February 8th, staff provided the Committee with figure setting recommendations for several divisions within the Office of the Governor, including the Colorado Energy Office. Subsequently, the Joint Budget Committee made a decision not to sponsor legislation requested by the Office to renew its funding. Subsequently, staff made a recommendation to placeholder money for any potential legislation put forth by other members of the General Assembly to fund the Colorado Energy Office.

Specifically, staff recommended a placeholder of \$5.1 million General Fund for FY 2017-18 to cover the costs of such legislation. The recommended amount is sufficient to cover the following:

- A transfer of \$1.6 million General Fund to the Clean and Renewable Energy Fund for FY 2017-18, as requested for the Office's operations;
- A transfer of \$1.5 million General Fund to the Innovative Energy Fund in case the General Assembly seeks to eliminate using "off-the-top" severance tax to fund the Office's operations; and
- A transfer of \$2.0 million General Fund to the Colorado Energy Office Low-income Energy Assistance Fund to continue providing weatherization services in the absence of revenue available in the Operational Account of the Severance Tax Trust Fund for Tier II distributions.

Note, staff recommended the same amount of total funds as is requested by the Office (\$5.1 million), however the Office seeks General Fund transfers totaling \$3.6 million General Fund, while staff recommended a placeholder of \$5.1 million General Fund. Staff's recommended General Fund is larger than the Office's to accommodate any fluctuations that may occur in funding strategies as the details of a potential bill are finalized by the General Assembly. For example, the General Assembly may wish to continue the Office's funding at prior year levels, but replace severance tax revenue with General Fund as a funding source for a portion of the Office's appropriations.

It is possible that the final General Fund amount required by the legislation will be lower than what staff recommended as a placeholder value. If this occurs, the excess General Fund in the placeholder would be available to the Committee and/or the General Assembly for other purposes.