



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 20-0338
Prime Sponsors:

Date: November 1, 2019
Bill Status: Bill Request
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Bill Topic: VALUATION OF ENERGY STORAGE EQUIPMENT

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

This bill requires energy storage equipment owned or operated by utilities to be assessed similarly to renewable energy facility properties beginning on January 1, 2020. The bill increases state workload by an indeterminate amount beginning in FY 2020-21, and may increase state expenditures and reduce local government revenue on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the bill draft requested by the Energy Legislation Review Interim Study Committee.

Summary of Legislation

Beginning January 1, 2020, this bill requires that energy storage equipment owned or operated by a utility is state assessed for property tax valuation in a similar manner to renewable energy facility properties.

State Expenditures

The bill creates an indeterminate workload increase for the Department of Local Affairs (DOLA) beginning in FY 2020-21. In future fiscal years, the bill potentially increases the state share of the school finance formula. These impacts are discussed below.

Department of Local Affairs. The Division of Property Taxation within DOLA values public utilities for property tax purposes. The division will need to update procedures and valuation methods to ensure that resources and systems are valued in accordance with the bill.

The bill will also increase the number of properties that the DOLA must value. Under current law, the department values utilities and clean energy properties that generate greater than two megawatts of electricity. This bill requires DOLA to value all clean energy resources and energy storage systems regardless of capacity. There are an unknown number of new properties the department will need to value. This will require an indeterminate number of additional staff contingent on the number of new energy storage systems that must be valued.

**School finance impact.** Under current law, funding for the School Finance Act comes from a combination of local and state sources. The local share, over 90 percent of which comes from property taxes, is counted first. State aid provides the difference between a district's total funding and the district's local share. When energy storage equipment is assessed at a reduced rate, the bill will reduce the amount of property taxes collected in certain districts, which will increase the state share. Future increases to the state share of school finance depends on several variables and has not been estimated.

### **Local Government**

When energy storage equipment is assessed at a reduced rate, this bill will reduce the amount of property taxes collected by municipalities, counties, and special districts across the state by an indeterminate amount.

### **Effective Date**

The bill takes effect January 1, 2020, if no referendum petition is filed.

### **State and Local Government Contacts**

Colorado Energy Office  
Fire Chiefs  
Special Districts

Counties  
Municipalities

County Assessors  
Property Tax Division