



Fiscal Note

Legislative Council Staff

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SB 26-148: FINANCING UTILITY ON-BILL REPAYMENT PROGRAM

Prime Sponsors:

Sen. Ball; Mullica
Rep. Joseph; Camacho

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Fiscal note status: The revised fiscal note reflects the introduced bill, as amended by the Senate Transportation and Energy Committee.

Summary Information

Overview. The bill directs the State Treasurer to issue a low-interest loan of \$50 million to the Colorado Clean Energy Fund for its on-bill repayment program, which allows households and small businesses to invest in energy upgrades and pay back costs through their metered utility service.

Types of impacts. The bill is projected to affect the following areas through FY 2046-47:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

Appropriations. No appropriation is required. The bill grants the State Treasurer the authority to enter into a loan agreement using the Unclaimed Property Trust Fund.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Yr. FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30	Cumulative 20-Year Impact
State Revenue	-\$0.1 million	-\$0.3 million	-\$0.4 million	-\$0.6 million	-\$14.9 million
State Loan	\$10.0 million	\$10.0 million	\$10.0 million	\$10.0 million	\$50.0 million
Transferred Funds	\$0	\$0	\$0	\$0	\$0
TABOR Impact	\$0	\$0	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are shown in the tables below. State revenue reflects the net change in interest and earnings to the Unclaimed Property Trust Fund. Principal repayments to the fund are excluded for simplicity.

**Table 1A
 State Revenue**

Fund Source	Budget Yr. FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30	Cumulative 20-Year Impact
General Fund	\$0	\$0	\$0	\$0	\$0
UPTF	-\$0.1 million	-\$0.3 million	-\$0.4 million	-\$0.6 million	-\$14.9 million
Total Revenue	-\$0.1 million	-\$0.3 million	-\$0.4 million	-\$0.6 million	-\$14.9 million

UPTF=Unclaimed Property Trust Fund. The net reduction in revenue reflects lost earnings of removing money from the UPTF being partial offset by interest received on the loan to the Colorado Clean Energy Fund over 20 years. Repayment of principal is excluded for simplicity.

**Table 1B
 State Loan Expenditures**

Fund Source	Budget Yr. FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30	Cumulative 20-Year Impact
UPTF	\$10.0 million	\$10.0 million	\$10.0 million	\$10.0 million	\$50.0 million
Total Loans	\$10.0 million	\$10.0 million	\$10.0 million	\$10.0 million	\$50.0 million

UPTF=Unclaimed Property Trust Fund. The loan amount is \$50 million, to be advanced in five separate payments once targets for loans issued by the Colorado Clean Energy Fund are met.

Summary of Legislation

The bill expands the nonprofit Colorado Clean Energy Fund’s (CCEF) on-bill repayment program by requiring the State Treasurer to issue it a low-interest loan from the Unclaimed Property Trust Fund (UPTF).

On-Bill Repayment Program

By August 1, 2026, the Colorado Energy Office (CEO) must review the initial design of the CCEF’s on-bill repayment program and notify the State Treasurer as to whether the program aligns with statewide emission reduction goals. The CEO may periodically request program modifications from the CCEF. The CCEF and participating utilities—which may include investor-owned utilities, municipally owned utilities, and cooperative electric associations—are required to make certain disclosures to program participants. The bill also provides guidelines for contracts between the CCEF and utilities.

Participating utilities must establish a loss reserve or other credit enhancement of at least 5 percent of the outstanding on-bill repayment obligations. For utilities regulated by the Public Utilities Commission (PUC), this mechanism is subject to commission approval.

On-bill repayment program participants are required to be property owners. Eligible energy efficiency-related improvements are outlined in the bill and on-bill loan amounts are limited to

\$50,000. The CCEF must establish favorable interest rates for on-bill repayment obligations based on prevailing market conditions, and participating utilities may reduce interest rates. The CCEF is required to develop and maintain a pathway for income-qualified utility customer participation in the program. Loans must be paid in full before a property is sold. Nothing in the bill alters the application of shutoffs for nonpayment.

Loan from the Unclaimed Property Trust Fund

On August 15, 2026, the State Treasurer must execute a loan agreement with the CCEF for \$50 million from the UPTF once the State Treasurer determines the loan will not impair the fund's ability to pay claims; the CEO notifies the Treasurer that the program aligns with state emission reduction goals; and the State Treasurer certifies the loan terms.

The CCEF may draw the loan in five advances of \$10 million each, with each new tranche subject to the prior loan amount being at least 80 percent committed or encumbered. Loan interest may not exceed 2 percent annually.

The loan from the UPTF carries a 20-year term (due by August 15, 2046), structured as follows:

- interest-only payments in years 1 to 6;
- annual principal payments equal to 2 percent of the original loan amount, plus interest, in years 7 to 20; and
- any remaining principal and accrued interest due in full at maturity.

Early principal repayment is permitted at any time without penalty, as long as the outstanding balance stays within the \$50 million cap. The CCEF may also sell or transfer program receivables to third parties or secondary market investors, provided this does not impair repayment obligations to the State Treasurer.

Reporting

By February 15, 2027, each year, the CCEF is required to submit an annual report on the program to the Joint Budget Committee, the CEO, and the State Treasurer.

Background

With coordination from the Governor's Office and the [CEO](#), the [Colorado Clean Energy Fund](#) was established in 2018 as a nonprofit "green bank" to connect clean energy projects with capital. It received \$30 million in state grant funding in 2021 through [Senate Bill 21-130](#), including \$25 million of investment capital to originate loans to energy projects across the state and \$5 million to fund the program's operations. The fund administers an on-bill repayment program to enable households and small businesses to invest in energy upgrades and pay back costs through metered utility service.

The Unclaimed Property Division of the State Treasury holds, in perpetuity or until claimed, lost or forgotten assets of individuals and businesses in Colorado. The UPTF consists of all moneys collected under the Unclaimed Property Act, and interest earned on the account.

State Loan

The fiscal note assumes that a \$10 million loan to the CCEF from the UPTF will occur in each of the five fiscal years beginning in FY 2026-27, with the full \$50 million loan amount issued by FY 2030-31. Repayment on loan principal will begin in FY 2032-33, and the loan must be repaid by FY 2046-47. Loan-related interest is described in the State Revenue section. No appropriation is required to issue these loans, as the bill grants the State Treasurer the necessary authority to enter into a loan agreement using money in the Unclaimed Property Trust Fund.

State Revenue

Over the 20-year period of the loan, the bill decreases net interest and earnings to the UPTF by up to \$14.9 million. Lost earnings are estimated at \$140,000 in FY 2026-27, \$280,000 in FY 2027-28, and increasing amounts in future years until reaching a maximum annual loss of around \$890,000 in FY 2046-47. These annual amounts reflect the difference between earnings that would be realized if the loan principal were instead held in the fund (assumed to be 3.4 percent annually) and interest actually received on the loan (2.0 percent annually, as required by the bill), plus lost compounded earnings on this difference (also assumed to be 3.4 percent annually). Additional detail on this revenue impact to the UPTF is described below and summarized in Table 2. While accounted for in the fiscal note calculations, these net revenue impacts do not include the assumed repayment of \$50 million in loan principal. Since this loan is considered a type of investment of UPTF moneys, interest revenue is not subject to TABOR.

Loan Interest Earnings to Unclaimed Property Trust Fund

The state loan increases interest earnings to the UPTF. The loan is structured with a 2 percent interest rate, and requires interest-only payments for the first six years, then annual principal payments plus interest. Assuming that the CCEF will maximize its lending ability by paying back \$1 million in principal per year between years 7 and 19, and then paying the remaining balance in August 2046, interest earnings will total \$15.9 million over the 20-year period.

Reduced Earnings on Funds Held in Unclaimed Property Trust Fund

By removing \$50 million from the UPTF, the bill reduces interest and investment earnings on this money. The amount of revenue depends on interest rates and other changes to the fund's balance. Assuming a 3.4 percent annual interest rate, the amount of revenue lost over the period of the loan is estimated to be about \$27.2 million.

Lost Compounded Earnings in Unclaimed Property Trust Fund

In addition, the bill reduces the ability of earnings in the fund to compound over time. Accounting for both the interest earned from the loan and direct lost earnings, a cumulative \$11.4 million in lost earnings will not be in the fund by year 20. Assuming these earnings also would have earned 3.4 percent interest annually, the loss of compound interest on these earnings is estimated to be \$3.5 million over the 20-year period. Interest earned on money in the UPTF is not subject to TABOR.

**Table 2
 Annual Impact to Unclaimed Property Trust Fund Revenue**

Year	Loan Interest Received (2 percent)	UPTF Earnings Lost (3.4 percent)	UPTF Compounded Interest on Lost Earnings (3.4 percent)	Annual Change
FY 2026-27	\$200,000	-\$340,000	0	-\$140,000
FY 2027-28	\$400,000	-\$680,000	-\$4,760.0	-\$284,760
FY 2028-29	\$600,000	-\$1,020,000	-\$14,280.0	-\$434,280
FY 2029-30	\$800,000	-\$1,360,000	-\$28,560.0	-\$588,560
FY 2030-31	\$1,000,000	-\$1,700,000	-\$47,600.0	-\$747,600
FY 2031-32	\$1,000,000	-\$1,700,000	-\$71,400.0	-\$771,400
FY 2032-33	\$980,000	-\$1,683,000	-\$95,200.0	-\$798,200
FY 2033-34	\$960,000	-\$1,649,000	-\$119,102.0	-\$808,102
FY 2034-35	\$940,000	-\$1,615,000	-\$142,528.0	-\$817,528
FY 2035-36	\$920,000	-\$1,581,000	-\$165,478.0	-\$826,478
FY 2036-37	\$900,000	-\$1,547,000	-\$187,952.0	-\$834,952
FY 2037-38	\$880,000	-\$1,513,000	-\$209,950.0	-\$842,950
FY 2038-39	\$860,000	-\$1,479,000	-\$231,472.0	-\$850,472
FY 2039-40	\$840,000	-\$1,445,000	-\$252,518.0	-\$857,518
FY 2040-41	\$820,000	-\$1,411,000	-\$273,088.0	-\$864,088
FY 2041-42	\$800,000	-\$1,377,000	-\$293,182.0	-\$870,182
FY 2042-43	\$780,000	-\$1,343,000	-\$312,800.0	-\$875,800
FY 2043-44	\$760,000	-\$1,309,000	-\$331,942.0	-\$880,942
FY 2044-45	\$740,000	-\$1,275,000	-\$350,608.0	-\$885,608
FY 2045-46	\$720,000	-\$1,241,000	-\$368,798.0	-\$889,798
20-Year Total	\$15,900,000	-\$27,268,000	-\$3,501,218	-\$14,869,218

State Expenditures

The bill increases workload in multiple state agencies that are involved with the program, including the Treasury Department, the CEO, the Public Utilities Commission, and the Department of Human Services.

Treasury Department

The Treasury Department is required to enter into a loan agreement with the CCEF, which will increase legal services workload within an absorbable range. It will also have an increase in workload to perform account management for the loan. No change in appropriations is required.

Colorado Energy Office

The CEO will review the initial design guidelines for the on-bill financing program developed by the CCEF, and may request modifications to ensure the program aligns with state emission reduction targets. Periodically throughout the program, the CEO may work with the CCEF to make further modifications to the program design. The CEO will also evaluate annual reporting from the CCEF through 2046. No change in appropriation is required.

Public Utilities Commission

The PUC is required to approve a loss reserve or other credit enhancement of at least 5 percent of the outstanding on-bill repayment obligations for investor-owned utilities participating in the program. This can be accomplished within the normal course of PUC business.

Department of Human Services

The Department of Human Services will have a minimal workload impact to enter into a data sharing agreement with the CCEF on households eligible for the energy benefit assistance charge.

TABOR Impact

Because the loan will be made from fiduciary funds within the UPTF, the loan amount and interest accrued are exempt from TABOR, according to the State Controller.

Effective Date

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

State and Local Government Contacts

Colorado Energy Office

Law

Counties

Municipalities

County Clerks

Regulatory Agencies

Human Services

Treasury