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Final Fiscal Note

Drafting Number:	LLS 23-0586	Date:	June 26, 2023
Prime Sponsors:	Rep. Willford; Titone Sen. Jaquez Lewis; Marchman	Bill Status:	Signed into Law
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Bill Topic: **NEW ENERGY IMPROVEMENT PROGRAM CHANGES**

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill expands the Commercial Property Assessed Clean Energy Program and modifies notification requirements when special assessments are levied under the program. It may increase revenue and expenditures to the New Energy Improvement District beginning in FY 2023-24.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

The Commercial Property Assessed Clean Energy Program (C-PACE) allows certain property owners to obtain financing for new energy improvements, which under current law include energy efficiency improvements and renewable energy improvements. The bill expands the scope of the program to include resiliency and water efficiency improvements, such as addressing structural integrity, indoor air quality, and storm water control.

The bill also eliminates the requirement that the New Energy Improvement District, upon levying a special assessment against eligible real property, hold a public hearing and resolve any complaints received. Instead, the district must notify district members and lien holders that the special assessment constitutes a lien.

Background

The New Energy Improvement District is a statewide special district that operates C-PACE. The program allows eligible commercial and industrial buildings to finance new energy improvement projects, which are paid for by a voluntary property tax assessment over a repayment term of up to 25 years. This tax is collected by county treasurers and passed onto the district, except for a

one percent collection fee which is retained by the county to cover administrative expenses. As of writing, 116 projects have been financed this way since 2016, totaling nearly \$250 million in financing. For more information, see copace.com.

Local Government

Special Districts. To the extent that the C-PACE expansion causes more property owners to pursue financing agreements with the New Energy Improvement District, revenue and expenditures in the district will increase. Any increase in workload may be partially offset by the lower administrative burden due to changes in notification requirements.

Counties. To the extent that new financing agreements are undertaken in a county, revenue will increase in that county from the one percent collection fee the county treasurer retains to cover administrative expenses. This revenue is expected to be minimal.

Effective Date

The bill was signed into law by the Governor on March 8, 2023, and takes effect on August 7, 2023, assuming no referendum petition is filed.

State and Local Government Contacts

Information Technology

Local Affairs

Special Districts