



Legislative Council Staff

Research Note

Version: Final

Date: 6/6/2017

Bill Number

House Bill 17-1116

Sponsors

*Representatives Hamner &
Exum
Senator Martinez Humenik*

Short Title

*Continue Low-income
Household Energy Assistance*

Research Analyst

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Status

This research note reflects the final version of the bill. The bill was signed by the Governor and becomes effective August 9, 2017, assuming no petition is filed.

Background

Under current law, up to \$13 million is authorized for low-income energy-assistance programs and divided between the programs below. Tier 2 severance tax revenue funds low-income energy-assistance programs in Colorado.

Direct bill assistance (50 percent). To provide energy bill assistance to low-income families year-round, two programs operate in the state. First, the Department of Human Services (DHS) oversees the federal Low-income Energy Assistance Program (LEAP), which operates during the heating season. LEAP applications are available from November to April, with county offices and Goodwill delivering direct services. In addition, Energy Outreach Colorado, a Colorado-based nonprofit, provides direct bill payment assistance to low-income households outside of the heating season. The moneys are appropriated to the Colorado Energy Office and passed through to Energy Outreach Colorado.

Weatherization Assistance Program (50 percent). The Colorado Energy Office, through nonprofit and local government entities, provides energy-efficiency services to income qualified Colorado residences with the purpose of increasing the energy-efficiency of the dwellings owned or occupied by low-income persons to reduce energy expenditures and improve health and safety in their homes.

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Severance Tax. Colorado's severance tax was enacted in 1977. The severance tax is imposed on the production or extraction of metallic minerals, molybdenum, oil and gas, oil shale, and coal. Severance tax revenue is divided evenly between the Department of Natural Resources (DNR) and the Department of Local Affairs (DOLA). DNR's half is deposited into the Severance Tax Trust Fund. Severance tax revenue to the Severance Tax Trust Fund is divided equally between the Severance Tax Perpetual Base Fund and the Severance Tax Operational Fund.

The Operational Fund is used for Tier 1 and Tier 2 programs. Tier 1 programs are prioritized in the fund and include operations for the Oil and Gas Conservation Commission; the Geological Survey; the Avalanche Information Center; the Division of Reclamation, Mining, and Safety; the Water Conservation Board; the Division of Parks and Wildlife; and the fund's statutory reserve. Tier 2 programs include water-related programs, agriculture-related programs, clean and renewable energy development, soil conservation, the control of invasive species, the Species Conservation Trust Fund, and the low-income energy assistance programs addressed in this bill. Current law provides a mechanism for balancing spending from the operational fund by making proportional reductions to all Tier 2 programs when insufficient funds exist to fully fund those programs and still meet the fund's statutory reserve requirement.

House Action

House Transportation and Energy (February 16, 2017). At the hearing, representatives of Energy Outreach Colorado, the Colorado Oil and Gas Association, Conservation Colorado, AARP, United Power, the Colorado Rural Electric Association, and the Colorado Department of Human Services testified in support of the bill. A representative of the Colorado Energy Office answered committee questions. The committee adopted amendment L.002 and referred the bill, as amended, to the House Appropriations Committee.

Amendment L.002 ends funding for the program in FY 2023-24 and repeals the section effective July 1, 2025.

House Appropriations Committee (March 3, 2017). The committee referred the bill to the House Committee of the Whole.

House second reading (March 7, 2016). The committee adopted the House Transportation and Energy committee report and passed the bill on second reading with no additional amendments.

House third reading (March 9, 2016). The House passed the bill on third reading with no additional amendments.

Senate Action

Senate Agriculture, Natural Resources, and Energy Committee (March 27, 2017). At the hearing, representatives of the Colorado Oil and Gas Association, Energy Outreach Colorado, United Power, the Colorado Rural Electric Association, and Conservation Colorado testified in support of the bill. A representative of the Independence Institute testified against the bill. The committee referred the bill to the Senate Appropriations Committee.

Senate Appropriations Committee (May 5, 2017). The committee referred the bill to the Senate Committee of the Whole.

Senate second reading (May 9, 2017). The Senate passed the bill on second reading with no amendments.

Senate third reading (May 10, 2017). The Senate passed the bill on third reading with no additional amendments.

Relevant Research

Legislative Council Staff, *Colorado Tax Handbook*,
<https://leg.colorado.gov/agencies/legislative-council-staff/severance-tax>