



**Legislative
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FISCAL NOTE

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Prime Sponsors: Sen. Scott

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Bill Status: Senate Agriculture
Fiscal Analyst: Erin Reynolds | 303-866-4146
 Erin.Reynolds@state.co.us

Bill Topic: COLORADO ENERGY OFFICE

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

This bill concerns the funding and mission of the Colorado Energy Office (CEO). It transfers money from the General Fund to two cash funds that support the CEO from FY 2018-19 to FY 2021-22.

Appropriation Summary: No appropriation is required as the Energy Fund and the Innovative Energy Fund are continuously appropriated to the CEO.

Fiscal Note Status: This fiscal note reflects the introduced bill. While all agencies were canvassed for this fiscal note, not all were able to respond with complete information within the time frames provided. The fiscal note will be updated if more information becomes available.

**Table 1
State Fiscal Impacts Under SB 18-003**

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	Cash Funds	\$2,100,000	\$2,100,000
	Federal Funds	\$620,000	\$620,000
	Total	\$2,720,000	\$2,720,000
	Total FTE	16.5 FTE	16.5 FTE
Transfers	General Fund	(\$2,100,000)	(\$2,100,000)
	Cash Funds	\$2,100,000	\$2,100,000
	Total	\$0	\$0

Summary of Legislation

This bill annually transfers \$2.1 million from the General Fund to the Colorado Energy Office (CEO) in the Governor's Office from FY 2018-19 through FY 2021-22. It also repeals several inactive programs in the CEO and creates new requirements.

General Fund transfer. The bill partially restores funding that repealed in FY 2016-17 to both the newly renamed Energy Fund and the Innovative Energy Fund, which are continuously appropriated to the CEO.

- *Energy Fund.* The bill removes "Clean and Renewable" from the name of the Energy Fund and restores \$1.1 million of a former \$1.6 million General Fund transfer to the fund, which repealed January 1, 2017. The bill also adds educating the general public on energy issues and opportunities to the list of fund uses.
- *Innovative Energy Fund.* The bill replaces an off-the-top Severance Tax Trust Fund transfer of \$1.5 million, which repealed July 1, 2017, with a \$1.0 million General Fund transfer to the Innovative Energy Fund. The bill also removes the requirement that expenditures are to be limited only to innovative energy efficiency projects and policy development grants and loans.

Program repeals. The bill repeals several statutory programs and requirements in the CEO that are primarily defunct, including:

- the Wind for Schools Grant Program;
- the Renewable Energy and Energy Efficiency for Schools Loan Program;
- the Green Building Incentive Pilot Program;
- the Clean Energy Finance Program;
- involvement with the Forest Service in the Department of Higher Education and the Air Quality Control Commission in the Colorado Department of Public Health and Environment (CDPHE) to support the increased use of woody biomass;
- involvement in grants with the Colorado Energy Research Institute for the development of a central resource for building trade professionals;
- participation in the Pollution Prevention Advisory Board Assistance Committee in CDPHE;
- responsibility to maintain a list of solar installers, the requirement for a builder to offer that list to customers, and the requirement for the office to offer training on solar installations;
- a provision funding a computer system for tracking the movement of gasoline or special fuel in the state in FY 2009-10; and
- transfers the administration of the Colorado Carbon Fund Special License Plate to a nonprofit organization.

New requirements. The bill adds the following new requirements related to the CEO:

- requiring Senate confirmation of the executive director of the CEO;
- adding nuclear power to the list of energy sources the CEO must promote; and
- including energy industries and executive departments when developing and encouraging increased utilization of energy curricula.

Background

2017 legislative session. The General Assembly did not reauthorize the transfer of \$3.1 million to the Clean and Renewable Energy Fund and the Innovative Energy Fund during the 2017 legislative session. The CEO filled the state funding gap by securing temporarily repurposed U.S. Department of Energy funds, which allowed CEO staff to remain in place to work on federally approved programs. In 2017, the CEO has requested \$3.1 million General Fund and 16.5 FTE to fund its statutorily required state operations in this year's budget request. More information is available on this topic in the Joint Budget Committee's Staff Budget Briefing for the Office of the Governor, available here: http://leg.colorado.gov/sites/default/files/fy2018-19_govbrf.pdf.

Background on programs that repeal under SB 18-003. The programs repealed by SB 18-003 are primarily defunct, as described below.

- *Wind for School Grant Program.* The Wind for Schools program was created in 2007 and dispersed 12 grants to schools totaling \$60,000 over several years. Previously, the grant program was funded primarily by federal American Recovery and Reinvestment Act money. This program is statutorily contingent on federal participation, which ended in 2013.
- *Renewable Energy and Energy Efficiency for Schools Loan Program.* The Renewable Energy and Energy Efficiency for Schools program was created in 2009 as a partnership between the CEO and the State Treasurer's Office to provide schools with loans for energy improvements to buildings. No applications have been received since the program's inception.
- *Green Building Incentive Pilot Program.* The Green Building Incentive program was a federally funded pilot program completed in 2012.
- *Clean Energy Finance Program.* The Clean Energy Finance Program never launched. Intended to be a partnership between the CEO and the State Treasurer's Office, the program would have allowed the investment of state funds in bonds for a clean energy program.
- *Carbon Fund special license plate.* The license plate was originally issued in 2008. In 2012, the CEO transferred the sponsorship of this plate to a nonprofit.

State Transfers

The bill creates an annual state transfer of \$2.1 million per year from the General Fund to two cash funds in the CEO over a four-year period. This includes \$1.1 million to the Energy Fund, and \$1.0 million to the Innovative Energy Fund.

State Expenditures

The bill increases state expenditures by \$2.7 million and 16.5 FTE per year from FY 2018-19 to FY 2021-22. This includes \$2.1 million in cash funds and \$620,000 in federal funds.

Colorado Energy Office — cash funds. The bill increases state cash fund expenditures by \$2.1 million and 16.5 FTE from the Energy Fund and the Innovative Energy Fund from FY 2018-19 through FY 2021-22. These funds support CEO operational expenses of payroll, leased space, intergovernmental expenses, and statutorily required state programming. Broadly, these state programs include: energy financing, technical assistance, research, energy emergency planning, electric vehicle grants, and energy education.

Because the bill extends the funding for CEO at a reduced funding level, some statutorily required programs are expected to be unfunded. The precise impacts have not been estimated by this fiscal note.

Colorado Energy Office — federal funds. The bill affects \$620,000 in federal funds beginning in FY 2018-19. In order to receive a \$620,000 U.S. Department of Energy grant for the State Energy Program, the CEO provides a 20 percent match (\$124,000) from its funds.

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	Education	Governor
Information Technology	Local Affairs	Natural Resources
Public Health and Environment	Regulatory Agencies	Revenue