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SB 19-096

**REVISED
FISCAL NOTE**

(replaces fiscal note dated March 7, 2019)

Drafting Number: LLS 19-0429
Prime Sponsors: Sen. Donovan
Rep. Hansen

Date: April 10, 2019
Bill Status: Senate Appropriations
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Bill Topic: COLLECT LONG-TERM CLIMATE CHANGE DATA

Summary of Fiscal Impact:

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

The bill requires the Air Quality Control Commission in the Department of Public Health and Environment to collect, analyze, report, and forecast greenhouse gas emissions data. It also requires the commission to propose rules to implement measures to allow the state to meet its greenhouse gas emission reduction goals. It increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2019-20, the bill requires an appropriation of \$1,680,600 to the Department of Public Health and Environment.

Fiscal Note Status: The fiscal note reflects the introduced bill as amended by the Senate Transportation Committee.

**Table 1
State Fiscal Impacts Under SB 19-096**

| | | FY 2019-20 | FY 2020-21 |
|---------------------|------------------------|--------------------|-------------------|
| Revenue | | - | - |
| Expenditures | General Fund | \$1,680,600 | \$769,063 |
| | Centrally Appropriated | \$268,479 | \$222,825 |
| | Total | \$1,949,079 | \$991,888 |
| | Total FTE | 3.8 FTE | 6.6 FTE |
| Transfers | | - | - |
| TABOR Refund | | - | - |

Summary of Legislation

This bill requires the Air Quality Control Commission in the Colorado Department of Public Health and Environment (CDPHE) to promulgate rules by December 30, 2019, to require the submission of the best information available from greenhouse gas emission sources. By July 1, 2020, the commission is required to propose rules to implement measures that would most cost-effectively allow the state to meet the greenhouse gas emissions goals set in Executive Order D2017-015. The executive order included the goal of reducing greenhouse gas emissions statewide by more than 26 percent by 2025 as compared to 2005 levels.

The CDPHE is required to conduct an annual, state-wide, economy-wide inventory of greenhouse gases by sector, publicly release the findings on its website, and maintain the data through at least 2030. CDPHE will produce a comprehensive statewide inventory by December 30, 2020, for emissions in calendar year 2018 and annually thereafter. The CDPHE is also required to recalculate the 2005 emissions inventories to the extent possible using the reporting methodology adopted under the bill.

The CDPHE is required to forecast Colorado's greenhouse gas emissions for every five years through 2050 under at least three action scenarios to address climate change on a statewide basis including: no action; a low level of action; and a high level of action.

Background

The CDPHE uses the Environmental Protection Agency's (EPA's) Electronic Greenhouse Gas Reporting Tool (e-GGRT) and EPA's State Inventory and Projection Tool (SIT) to create greenhouse gas inventory reports. The first Colorado greenhouse gas inventory was completed in 2014. The CDPHE can only forecast emissions up to the year 2030 using the federal systems. The underlying calculations in the federal systems are not transparent to users which limits how well the CDPHE can report Colorado-specific data.

State Expenditures

This bill will increase state General Fund expenditures by \$1,949,079 and 3.8 FTE in FY 2019-20 and \$991,888 and 6.6 FTE in FY 2020-21 and ongoing. Personal services expenditures are prorated in FY 2019-20 to reflect the August 2, 2019, effective date and General Fund paydate shift. Personal services costs for FY 2020-21 represent full staffing for implementing the bill. The bill will also increase workload in the Department of Natural Resources, the Public Utilities Commission, and the Colorado Energy Office, to collaborate on the implementation of the bill. The workload increase for these agencies is not expected to require additional appropriations.

The costs for the CDPHE are shown in Table 2 and explained below.

**Table 2
 Expenditures Under SB 19-096**

| | FY 2019-20 | FY 2020-21 |
|--|--------------------|-------------------|
| Department of Public Health and Environment | | |
| Personal Services | \$304,215 | \$528,711 |
| Operating Expenses and Capital Outlay Costs | \$27,505 | \$15,676 |
| IT System Development | \$824,480 | - |
| IT Annual Operating and Maintenance | \$166,496 | \$224,676 |
| IT Project Management - Office of Information Technology | \$301,600 | - |
| IT Independent Verification and Validation | \$56,304 | - |
| Centrally Appropriated Costs* | \$268,479 | \$222,825 |
| FTE – Personal Services | 3.8 FTE | 6.6 FTE |
| Total Cost | \$1,949,079 | \$991,888 |
| Total FTE | 3.8 FTE | 6.6 FTE |

* Centrally appropriated costs are not included in the bill's appropriation.

Rule promulgation. The CDPHE will promulgate rules for emissions reporting in FY 2019-20 and reducing emissions in FY 2020-21. The CDPHE will have an increase in staffing beginning in FY 2019-20 to work with stakeholders including state, local, and federal government agencies and non-governmental agencies, and draft rules. Legal support from the Department of Law will be provided within the CDPHE legal services budget.

Reporting and data collection. The CDPHE will require additional staff to collect and analyze greenhouse gas emissions data and support the development and implementation of a Colorado-specific greenhouse gas emissions reporting, analysis, and forecasting system. The Office of Information Technology will oversee the development of the system with a third-party contractor. The system has an estimated cost of \$1.2 million and an ongoing annual operating and maintenance cost of \$224,676 which has been prorated in FY 2019-20 to \$166,496. Costs to conduct the independent verification and validation to evaluate whether the system specifications are met, is calculated as 5 percent of system costs. Actual costs for the system will be determined based on the results of the procurement process. The system is expected to begin collecting data by December 30, 2020.

Economy-wide inventory. The CDPHE currently prepares an inventory every five years. The CDPHE will have an increase in staffing to produce a more detailed report. The system discussed above will include features not available with the EPA tools currently in use including collecting nitrogen trifluoride emissions data, creating and storing annual inventories, and forecasting greenhouse gas emissions up to the year 2050. In addition the system will have the ability to display detailed local data, provide external user access to the data, and the ability to illustrate greenhouse gas emission reduction efforts and goals. The system will require regular updates to interface with EPA's systems and account for updates in modeling and projection methodologies.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance, supplemental employee retirement payments, and leased space, are estimated to be \$268,479 in FY 2019-20 and \$222,825 in FY 2020-21.

Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2019-20, the bill requires a General Fund appropriation of \$1,680,600 to the Department of Public Health and Environment and an allocation of 3.8 FTE. Of this \$1,348,880 is reappropriated to the Office of Information Technology.

Departmental Difference

The CDPHE indicated that their costs to implement this bill would be \$2,172,958 and 6.1 FTE in FY 2019-20. The fiscal note indicates costs of \$1,9149,079 and 3.8 FTE, a difference of \$223,879 and 2.3 FTE in FY 2019-20. The CDPHE assumes that all the tasks created by provisions of the bill will be implemented in FY 2019-20, while the fiscal note assumes that certain tasks will not be required until FY 2020-21. Estimates for FY 2020-21, were generally equal between the CDPHE and the fiscal note.

State and Local Government Contacts

Information Technology Public Health and Environment