



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 20-1059

FISCAL NOTE

Drafting Number: LLS 20-0338 Date: February 10, 2020
Prime Sponsors: Rep. Hansen; Jackson Bill Status: House Energy & Environment
Sen. Winter; Tate Fiscal Analyst: Larson Silbaugh | 303-866-4720
Larson.Silbaugh@state.co.us

Bill Topic: VALUATION OF ENERGY STORAGE EQUIPMENT

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

This bill requires energy storage equipment owned or operated by utilities to be assessed similarly to renewable energy facility properties beginning on January 1, 2020. The bill increases state workload beginning in FY 2020-21, and may increase state expenditures and reduce local government revenue on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill, as recommended by the Energy Legislation Review Interim Study Committee.

Summary of Legislation

Beginning January 1, 2020, this bill requires that energy storage equipment owned or operated by a utility is state assessed for property tax valuation in a similar manner to renewable energy facility properties.

State Expenditures

The bill creates workload increase for the Department of Local Affairs (DOLA) beginning in FY 2020-21. In future fiscal years, the bill potentially increases the state share of the school finance formula. These impacts are discussed below.

Department of Local Affairs. The Division of Property Taxation within DOLA values public utilities for property tax purposes. The division will need to update procedures and valuation methods to ensure that resources and systems are valued in accordance with the bill.

The bill will also increase the number of properties that the DOLA must value. Under current law, the department values utilities and clean energy properties that generate greater than two megawatts of electricity. This bill requires DOLA to value all clean energy resources and energy storage systems for qualifying utilities. There are an unknown number of new properties the department will need to value, however each new property will be associated with an existing utility that the department currently values. No existing property was identified that would have a different value under the bill.

**School finance impact.** Under current law, funding for the School Finance Act comes from a combination of local and state sources. The local share, over 90 percent of which comes from property taxes, is counted first. State aid provides the difference between a district's total funding and the district's local share. When energy storage equipment is assessed at a reduced rate, the bill will reduce the amount of property taxes collected in certain districts, which will increase the state share. Future increases to the state share of school finance depends on several variables and cannot be estimated.

## Local Government

When energy storage equipment is assessed at a reduced rate, this bill will reduce the amount of property taxes collected by municipalities, counties, and special districts across the state by an indeterminate amount.

## Effective Date

The bill takes effect January 1, 2021, if no referendum petition is filed.

## State and Local Government Contacts

Colorado Energy Office  
County Assessors  
Municipalities  
Special Districts

Counties  
Fire Chiefs  
Property Tax Division - Local Affairs