Concerning the reduction of building greenhouse gas emissions, and, in connection therewith, requiring the Colorado Energy Office to identify for adoption three model codes, requiring local governments and certain state agencies to adopt and enforce codes that are consistent with two of the model codes, encouraging local governments and certain state agencies to adopt and enforce codes that are consistent with the third model code, creating the Building Electrification for Public Buildings Grant Program, creating the High-Efficiency Electric Heating and Appliances Grant Program, and establishing the Clean Air Building Investments Fund.


JBC Analyst: Scott Thompson
Phone: 303-866-4957
Date Prepared: May 6, 2022

Appropriation Items of Note

Appropriation Not Required, No Amendment in Packet

General Fund Impact

New Cash Fund (with Continuous Appropriation)

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/12/22.

<table>
<thead>
<tr>
<th>No Change:</th>
<th>Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Update:</td>
<td>Fiscal impact has changed due to new information or technical issues</td>
</tr>
<tr>
<td>XXX Update:</td>
<td>Fiscal impact has changed due to amendment adopted after LCS Fiscal Note was prepared</td>
</tr>
<tr>
<td>Non-Concurrence:</td>
<td>JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill</td>
</tr>
</tbody>
</table>

The House Energy and Environment Committee Report (04/14/22) includes amendments to the bill, which the House adopted on second reading with a floor amendment (04/29/22). Further, the Senate State, Veterans, & Military Affairs Committee Report (05/06/22) includes amendments to the bill, which include a strike below. Legislative Council Staff and JBC Staff agree that the committee amendments alter the amounts transferred to the continuously appropriated cash funds that sum to $25.0 million. The transfers in the amended bill include:
• $3.0 million from the General Fund to the Energy Fund, which is continuously appropriated to CEO, of which $2.0 million may be spent to issue grants to local governments to support...
adoption and enforcement of energy codes, and $1.0 million may be spent to provide training and technical assistance to local governments and state agencies to adopt and enforce energy codes;

• $1.0 million from the General Fund to the Energy Fund for the CEO to provide training and assistance to architects, builders, contractors, and designers in implementing the energy codes;

• $150,000 from the General Fund to the Energy Fund for the CEO to administer the energy code board; and

• $20.85 million to the Clean Air Building Investment Fund, a continuously appropriated cash fund created in the bill, for the CEO to administer the building electrification for public buildings grant program ($10.0 million) and the high efficiency electric heating and appliances grant program ($10.85 million).

**Amendments in This Packet for Consideration by Appropriations Committee**

<table>
<thead>
<tr>
<th>Amendment</th>
<th>Description</th>
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<tbody>
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<td>None.</td>
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</table>

**Current Appropriations Clause in Bill**
The bill neither requires nor contains an appropriation clause for FY 2022-23.

**Points to Consider**

*General Fund Impact*
The Joint Budget Committee has proposed a budget package for FY 2022-23 based on the March 2022 Legislative Council Staff revenue forecast. The budget package includes two set-asides:

• $40.0 million General Fund for bills that create ongoing obligations; and

• $900.0 million General Fund for bills that create one-time obligations in FY 2022-23.

The $40.0 million *appropriations* set-aside includes an additional $6.0 million General Fund to provide a 15.0 percent General Fund reserve for those appropriations. The $900.0 million *obligations* set-aside does not include an additional amount for a General Fund reserve and, assumes, but does not require, that obligations be addressed through statutory transfers rather than appropriations. Therefore *appropriations* from the $900.0 million set-aside require an additional 15.0 percent to maintain the statutory General Fund reserve.

This bill creates a one-time obligation and includes a General Fund transfer of $25.0 million for FY 2022-23, reducing the $900.0 million set aside by the same amount.

*Legislative Appropriation Authority*
Continuous spending authority, also known as *continuous appropriations*, allows departments to spend money for statutorily specified purposes up to the amount of money in the fund without
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seeking annual legislative approval. An annual appropriation provides a limit on spending authority, while a continuous appropriation provides unlimited spending authority.

This method of funding moves these expenditures off-budget, and thus expenditures are not reported or accounted for through the budget process. Is it necessary for the Colorado Energy Office to not seek annual authority from the General Assembly to spend money from Clean Air Building Investment Fund?