



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated April 25, 2023)

Drafting Number:	LLS 23-0131	Date:	April 29, 2023
Prime Sponsors:	Rep. Bacon; Willford Sen. Winter F.; Gonzales	Bill Status:	House Second Reading
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Bill Topic: POLLUTION PROTECTION MEASURES

Summary of Fiscal Impact:	<input checked="" 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 updates procedures and requirements for air quality control regulations and creates a legislative interim committee. It increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill requires appropriations totaling \$962,806 to multiple state agencies.

Fiscal Note Status: This revised fiscal note reflects the introduced bill, as amended by the House Energy and Environment Committee and the House Appropriations Committee.

**Table 1
State Fiscal Impacts Under HB 23-1294**

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	General Fund	\$141,109	\$79,320
	Cash Funds	\$820,697	\$780,677
	Centrally Appropriated	\$155,828	\$147,912
	Total Expenditures	\$1,117,634	\$1,007,909
	Total FTE	7.9 FTE	7.5 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$21,166	\$11,898

Summary of Legislation

The bill updates procedures and requirements for how the Air Quality Control Commission in the Department of Public Health and Environment (CDPHE) and the Colorado Oil and Gas Conservation Commission in the Department of Natural Resources (DNR) regulate pollution control measures.

Air Quality Control Commission. The bill updates the department's public notice requirements for certain construction permit applications, renewable operating permit applications, and public hearings. It also requires the commission, within 30 days of receiving a complaint, to notify the complainant of the steps and status of the investigation.

Colorado Oil and Gas Conservation Commission. A person may submit a complaint to the commission alleging a violation related to oil and gas regulation. The commission must then conduct an investigation, unless the complaint appears to be trivial or is withdrawn.

Under current law, applicants for oil and gas development submit data on the cumulative impacts of their operations. The bill updates what must be considered and submitted under cumulative impacts.

Legislative interim committee. The bill creates the Committee on Ozone Air Quality, consisting of 12 legislators, which meets during the 2023 legislative interim. It may meet up to six times and may introduce up to five bills or resolutions during the 2024 legislative session.

State Revenue

The Environmental Unit in the COGCC is funded primarily from the Oil and Gas Conservation and Environmental Response Fund, which receives revenue from a surcharge on the market value of oil and natural gas. The COGCC has the authority to adjust the surcharge up to 1.7 mills as response fund obligations may require. No change in the mill levy rate is currently needed; however, if the requirements in the bill begin to increase fund obligations, the commission will consider available operating revenue and adjust the mill accordingly.

State Expenditures

The bill increases state expenditures by \$1.1 million in FY 2023-24 and \$1.0 million in FY 2024-25, paid from the General Fund and cash funds, in DNR, CDPHE, and Legislative Department. These costs are shown in Table 2 and detailed below.

**Table 2
 Expenditures Under HB 23-1294**

	FY 2023-24	FY 2024-25
Department of Natural Resources		
Personal Services	\$677,411	\$677,411
Operating Expenses	\$8,100	\$8,100
Capital Outlay Costs	\$40,020	-
Legal Services	\$95,166	\$95,166
Centrally Appropriated Costs ¹	\$129,593	\$129,593
FTE – Personal Services	6.0 FTE	6.0 FTE
FTE – Legal Services	0.5 FTE	0.5 FTE
DNR Subtotal	\$950,290	\$910,270
Department of Public Health and Environment		
Personal Services	\$71,473	\$77,970
Operating Expenses	\$1,350	\$1,350
Capital Outlay Costs	\$6,670	-
Centrally Appropriated Costs ¹	\$16,610	\$18,319
FTE – Personal Services	0.9 FTE	1.0 FTE
CDPHE Subtotal	\$96,103	\$97,639
Legislative Department		
Personal Services	\$36,349	-
Operating Expenses	\$675	-
Capital Outlay Costs	\$6,670	-
Legislator Reimbursements	\$16,984	-
Travel Costs	\$938	-
Centrally Appropriated Costs ¹	\$9,625	-
FTE – Personal Services	0.5 FTE	-
Leg. Subtotal	\$71,241	-
Total	\$1,117,634	\$1,007,909
Total FTE	7.9 FTE	7.5 FTE

¹Centrally appropriated costs are not included in the bill's appropriation.

Department of Natural Resources

The bill increases expenditures in the DNR by \$1.0 million in FY 2023-24 and \$0.9 million in FY 2024-25 and future years, paid from the Oil and Gas Conservation and Environmental Response Fund, to perform cumulative impacts analysis on oil and gas location assessments, conduct additional analysis on permit applications, and conduct investigations into alleged violations.

- **Staffing.** Implementing the requirements above requires 6.0 FTE beginning in FY 2023-24, including additional engineering, environmental protection, and management staff. Standard operating and capital outlay costs are included.
- **Legal services.** DNR requires 900 hours of legal services annually beginning in FY 2023-24 for rulemaking, general counsel, and enforcement support. Legal services are provided by the Department of Law at a rate of \$105.74 per hour.

Department of Public Health and Environment

The bill increases workload by expanding the notification requirements and timeline for complaint procedures. This is expected to require 1.0 FTE beginning in FY 2023-24. Standard operating and capital outlay costs are included, and first-year costs reflect the General Fund pay date shift.

Legislative Department

The bill increases expenditures in the Legislative Department by about \$71,000 in FY 2023-24 only for Legislative Council Staff and the Office of Legislative Legal Services to support the new interim committee and to compensate legislators for participating on the committee.

- **Staff support.** Supporting the committee is 0.5 FTE of committee staff, research support, and bill drafting. Travel costs assume one committee field trip.
- **Legislator reimbursements.** The committee includes 12 legislators and meets up to six times. Costs are based on a per diem of \$111.89 and an average of \$124 in travel reimbursements per member for each meeting.

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 and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2023-24, the bill requires and includes the following appropriations:

- \$820,697 to the Department of Natural Resources from the Oil and Gas Conservation and Environmental Response Fund, and 6.0 FTE. Of this amount, \$95,166 is reappropriated to the Department of Law with an additional 0.5 FTE;
- \$79,493 to the Department of Public Health and Environment from the General Fund, and 0.9 FTE; and
- \$61,616 from the General Fund to the Legislative Department, and 0.5 FTE.

State and Local Government Contacts

Judicial
Natural Resources

Law
Public Health and Environment

Legislative