



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1096: AUTOMATED PERMITS FOR CLEAN ENERGY TECHNOLOGY

Prime Sponsors:

Rep. Smith; Brown
Sen. Ball

Fiscal Analyst:

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Published for: House Energy & Environment**Drafting number:** LLS 25-0666**Version:** Initial Fiscal Note**Date:** February 4, 2025**Fiscal note status:** The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill requires certain local governments to use automated permitting software for residential solar energy systems.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

Appropriations. For FY 2025-26, the bill requires appropriations totaling \$292,392 to multiple state agencies.

Table 1
State Fiscal Impacts

Type of Impact¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$95,000
State Expenditures	\$301,721	\$70,902
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$95,000
Change in State FTE	0.4 FTE	0.5 FTE

¹ Fund sources for these impacts are shown in the tables below.

**Table 1A
State Revenue**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	\$0	\$95,000
Total Revenue	\$0	\$95,000

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	\$292,392	\$59,240
Federal Funds	\$0	\$0
Centrally Appropriated	\$9,329	\$11,662
Total Expenditures	\$301,721	\$70,902
Total FTE	0.4 FTE	0.5 FTE

Summary of Legislation

The bill requires certain local governments to implement automated permitting software by FY 2026-27 and use the software to evaluate 75 percent of residential solar panel installation applications. If the software approves a permit, the local government may not manually review application materials except during an inspection, and the local government must allow for remote inspections. Local governments must notify the Colorado Energy Office (CEO) when they implement the bill's requirements, and must also submit an annual report to CEO on the program's uptake. These requirements apply to municipalities and counties that require permits for residential solar energy systems and have jurisdiction over a population of at least 5,000 people.

By FY 2026-27, the State Electrical Board in the Department of Regulatory Agencies (DORA) must implement a software platform for automatically issuing residential solar energy system permits. It must also notify CEO when it implements the platform.

CEO must submit a report to the General Assembly by July 1, 2026, on the costs and benefits of requiring local governments and appropriate state agencies to use automated permitting for residential electrification projects.

Background

Under current law, local governments may adopt automated permitting software for issuing permits for electric power systems, including residential solar energy systems. CEO operates the [Automated Permit Processing For Solar \(APPS\) Grant Program](#) to support local governments in implementing automated permitting software, as established by [House Bill 23-1234](#). So far, CEO has awarded three grants through the program.

State Revenue

The bill increases revenue to the Division of Professions and Occupations Cash Fund in DORA by \$95,000 over a three-year period beginning in FY 2026-27.

Fee Impact on Electrical Professions

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Fees are expected to increase by about three percent for one licensure cycle, taking place over three years. After the cycle, fees will return to current levels: \$109 to \$229 depending on the electrical profession. These fee amounts are estimates only, actual fees will be set administratively by DORA based on cash fund balance, program costs, and the number of licenses subject to the fee. Fee revenue is subject to TABOR. Table 2 below identifies the fee impact of this bill.

Table 2
Fee Impact on Electrical Professions
FY 2026-27

Regulated Profession	Estimated Fee Increase	Number Affected	Total Fee Impact
Electrical Contractor	\$5.10	4,312	\$26,311
Electrical Journeyman	\$3.46	10,682	\$37,002
Electrical Masters	\$4.05	6,717	\$27,205
Electrical Residential Wireman	\$2.90	1,543	\$4,481
Total Fee Revenue			\$95,000

State Expenditures

The bill increases state expenditures by about \$300,000 in FY 2025-26, \$70,000 in FY 2026-27, and lesser amounts ongoing. These costs will be incurred in the Colorado Energy Office and the Department of Regulatory Agencies as shown in Tables 3 and 3A and described in the sections below. Costs are paid from the Streamlined Solar Permitting and Inspection Cash Fund and the Professions and Occupations Cash Fund.

**Table 3
State Expenditures
All Departments**

Department	Budget Year FY 2025-26	Out Year FY 2026-27
Colorado Energy Office	\$206,721	\$70,902
Department of Regulatory Agencies	\$95,000	\$0
Total Costs	\$301,721	\$70,902

Colorado Energy Office

The bill increases costs to perform the required study and to award additional grants. The fiscal note assumes these costs are paid from the Streamlined Solar Permitting and Inspection Cash Fund; see Technical Note.

Staff

While local governments are already permitted to apply for grants, the bill is expected to increase the number of applications and grants awarded. CEO requires additional staff to conduct outreach and to implement the expanded grant program. In addition, CEO staff will hire a contractor to conduct the study. This workload, which begins in FY 2025-26, is expected to decrease in future years depending on the number of grants made, the duration of grant terms, and the availability of funds for grantmaking. Standard operating costs are included, and costs are prorated for the bill's effective date.

Contractor

The study will be conducted by a contractor for an estimated cost of \$100,000 in FY 2025-26 only.

Outreach

CEO requires \$50,000 in FY 2025-26 to conduct outreach to promote the grant program to local governments.

Grants

The remaining money in the Streamlined Solar Permitting and Inspection Cash Fund remains available for grants. While this has no impact on net expenditures, increasing costs for other uses, like the study, decreases the amount available for grants.

**Table 3A
State Expenditures
Colorado Energy Office**

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$46,880	\$58,600
Operating Expenses	\$512	\$640
Capital Outlay Costs	\$0	\$0
Contractor	\$100,000	\$0
Outreach	\$50,000	\$0
Centrally Appropriated Costs	\$9,329	\$11,662
Total Costs	\$206,721	\$70,902
Total FTE	0.4 FTE	0.5 FTE

Department of Regulatory Agencies

DORA requires information technology system updates totaling up to \$95,000 in FY 2025-26, paid from the Division of Professions and Occupations Cash Fund. This includes software updates with the existing system vendor and a two-way interface to connect the system with the automated permitting software.

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 the expenditure tables above.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Local Government

In FY 2025-26, the bill increases expenditures in applicable local governments to adopt ordinances or resolutions concerning residential solar energy permits, and it increases revenue for jurisdictions awarded grants from CEO. Beginning in FY 2026-27, workload may decrease in

local governments based on the number of permits approved via software instead of manual review.

Technical Note

HB 23-1234 transferred \$1,000,000 to support the grant program, but limited administrative costs to 9 percent of the available money, or \$90,000. In the first year and a half, CEO has reached this limit. The fiscal note assumes that the bill will be amended to increase the amount of money CEO can spend to administer the grant program. If the limit is not increased, General Fund money may be required to ensure CEO's administrative costs remain under nine percent.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2025-26, the bill requires an appropriation of \$197,392 from the Streamlined Solar Permitting and Inspection Cash Fund to the Colorado Energy Office, and 0.4 FTE.

The bill results in no net change in appropriations for the Colorado Energy Office. Changes in spending from the Streamlined Solar Permitting and Inspection Cash Fund may result in alterations to specific line items.

For FY 2025-26, the bill requires an appropriation of \$95,000 from the Division of Professions and Occupations Cash Fund to the Department of Regulatory Agencies.

State and Local Government Contacts

Colorado Energy Office

Legislative Council Staff

Counties

Regulatory Agencies

Law