



Fiscal Note

Legislative Council Staff

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HB 25-1268: UTILITY ON-BILL REPAYMENT PROGRAM FINANCING

Prime Sponsors:

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Sen. Mullica; Winter F.

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Fiscal note status: The revised fiscal note reflects the introduced bill, as amended by the House Energy and Environment Committee.

Summary Information

Overview. The bill creates a financing mechanism for energy efficiency and electrification measures using money from the Unclaimed Property Trust Fund.

Types of impacts. The bill is projected to affect the following areas from FY 2025-26 to FY 2044-45:

- State Revenue
- State Expenditures
- State Loan

Appropriations. No appropriation is required, as the On-Bill Cash Fund and the On-Bill Program Administration Cash Fund are continuously appropriated to the Colorado Energy Office.

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	-\$2,916,250	-\$2,922,500
State Expenditures	\$23,203,575	\$23,168,592
Transferred Funds	\$100,000,000	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	4.4 FTE	5.4 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
On-Bill Program Administration Cash Fund	\$83,750	\$167,500
Unclaimed Property Trust Fund	-\$3,000,000	-\$3,090,000
Total Revenue	-\$2,916,250	-\$2,922,500

**Table 1B
 State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	\$23,111,760	\$23,058,286
Federal Funds	\$0	\$0
Centrally Appropriated	\$91,815	\$110,306
Total Expenditures	\$23,203,575	\$23,168,592
Total FTE	4.4 FTE	5.4 FTE

**Table 1C
 State Loan¹**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
Unclaimed Property Trust Fund	-\$100 million	\$0
State Utility On-Bill Repayment Program Cash Fund	\$100 million	\$0
Net Transfer	\$0	\$0

¹ This transfer is in the form of an interest-free loan from the Unclaimed Property Trust Fund to the On-Bill Cash Fund. The loan must be repaid by July 1, 2045.

Summary of Legislation

The bill creates the On-Bill Program in the Colorado Energy Office (CEO). The office can lend money to a participating utility, which can use the money to complete energy efficiency or electrification measures at the request of an eligible utility customer. The customer then repays the utility through a charge on their utility bill. The repayment obligation is tied to the utility meter, so the beneficiary of the upgrade is responsible for the payments even if the property is sold.

Participating utilities must occasionally report on their on-bill programs to the Colorado Energy Office, unless they already file a similar report to the Public Utilities Commission. A utility with more than 500,000 customers must file an application with the commission to establish an on-bill program by December 31, 2026, and they must either propose participating in the state financing program or explain why it will not participate by December 31, 2027.

The bill loans \$100 million from the Unclaimed Property Trust Fund to the new On-Bill Cash Fund to support the program. CEO must repay the loan, without interest, by July 1, 2045.

[House Bill 25-1269](#) creates the Building Decarbonization Enterprise in the Colorado Energy Office. If that bill is enacted, this bill requires the enterprise to support the On-Bill Program. A participating utility must pay an annual administration fee to the enterprise throughout the life of the loan, at a level that depends on the amount it borrows from the On-Bill Program. The enterprise provides technical assistance to the utility for on-bill program models, meeting reporting obligations, and program administration.

Background

The Unclaimed Property Division of the State Treasury holds, in perpetuity or until claimed, lost or forgotten assets of individuals and businesses in Colorado. The Unclaimed Property Trust Fund consists of all moneys collected under the Unclaimed Property Act, and interest earned on the account. The Unclaimed Property Trust Fund is TABOR-exempt; however, transfers out of the fund are generally subject to TABOR.

Assumptions

The bill makes \$100 million available for financing energy efficiency and electrification measures through utilities, before paying for CEO's administrative costs. The fiscal note assumes that CEO will issue \$90 million in loans over four years. This is for illustrative purposes only; actual program expenditures will depend on the number of participating utilities and demand from utility customers.

State Revenue

The bill increases revenue from fees on utilities and decreases revenue from foregone interest earnings in the Unclaimed Property Trust Fund.

Fee Impact on Participating Utilities

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the Building Decarbonization Enterprise based on cash fund balance,

program costs, the fee limits in the bill, and the amount of money that a utility borrows from the On-Bill Program. Table 2A identifies the fee impact of this bill on utilities, and Table 2B estimates the total revenue generated based on the assumptions above.

Table 2A
Fee Impact on Participating Utilities

Borrowed Amount	Annual Fee Amount
up to \$10 million	up to \$50,000
\$10 million to \$20 million	\$50,000 to \$75,000
\$20 million to \$40 million	\$75,000 to \$100,000
\$40 million to \$60 million	\$100,000 to 200,000
\$60 million to \$80 million	\$200,000 to \$300,000
more than \$80 million	\$300,000 to \$400,000

Table 2B
Estimated Fee Revenue

Fiscal Year	Total Amount Loaned	Fee Revenue
FY 2025-26	\$22.5 million	\$83,750
FY 2026-27	\$45.0 million	\$167,500

Interest on the Unclaimed Property Trust Fund

The bill reduces interest revenue earned on the Unclaimed Property Trust Fund. The amount of revenue depends on interest rates and other changes to the fund's balance. Assuming a 3 percent annual interest rate, the amount of revenue lost is estimated at \$3.0 million in FY 2025-26 and \$3.1 million in FY 2026-27. Over the 20-year lifespan of the loan, the total revenue lost is an estimated \$80.6 million. Interest earned on money in the Unclaimed Property Trust Fund is not subject to TABOR.

CEO may earn revenue from interest as part of the financing arrangements it makes with utilities. Because any such revenue depends on the terms of those agreements, it is not estimated here. Because the source of funds used is not subject to TABOR, the fiscal note assumes that any interest earned is likewise not subject TABOR.

State Loan

On January 1, 2026, the bill transfers \$100 million from the Unclaimed Property Trust Fund to the On-Bill Cash Fund. This transfer is in the form of an interest-free loan from the Unclaimed Property Trust Fund to the State Utility On-Bill Repayment Program Cash Fund. The loan must be repaid by July 1, 2045.

State Expenditures

Excluding loans issued through the new program, the bill increases state expenditures in the Colorado Energy Office by about \$700,000 per year beginning in FY 2025-26 and FY 2026-27 and increasing to about \$900,000 by FY 2028-29. It is assumed that around \$22.5 million in loans will be issued annually over a four-year period. Costs in CEO, paid from the On-Bill Cash Fund and the On-Bill Program Administration Cash Fund, are summarized in Table 3 and discussed below. The bill also minimally affects workload in the Department of Regulatory Agencies.

**Table 3
 State Expenditures
 Colorado Energy Office**

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$426,208	\$491,464
Operating Expenses	\$5,376	\$6,656
Capital Outlay Costs	\$26,680	\$6,670
Financing Loans	\$22,500,000	\$22,500,000
Consultant	\$100,000	\$0
Legal Services	\$53,496	\$53,496
Centrally Appropriated Costs	\$91,815	\$110,306
FTE – Personal Services	4.2 FTE	5.2 FTE
FTE – Legal Services	0.2 FTE	0.2 FTE
Total Costs	\$23,203,575	\$23,168,592
Total FTE	4.4 FTE	5.4 FTE

Colorado Energy Office

The office will have staff and legal services costs beginning in FY 2025-26 to implement the bill.

Staff

CEO requires 3.2 FTE staff beginning in FY 2025-26 to establish policies and procedures for the new program, oversee loan applications and contracts, and conduct financial reviews. In addition, the bill increases workload in the enterprise to offer technical assistance. This is estimated at 1.0 FTE in FY 2025-26, ramping up to 4.0 FTE once funding is fully available in future years. Standard operating and capital outlay costs are included.

Financing for Energy Efficiency or Electrification Measures

The fiscal note assumes CEO will make loans to utilities to finance energy efficiency or electrification measures over multiple years. Actual expenditures will depend on demand from participating utilities and utility customers.

Consultant

CEO requires consulting services in FY 2025-26 only to develop guidelines for program design, program eligibility, and monitoring and reporting practices.

Legal Services

CEO requires 400 hours of legal services to support policy development and contracting. Legal services are provided by the Department of Law at a rate of \$133.74 per hour.

Department of Regulatory Agencies

Requiring participating utilities to include an application with the Public Utilities Commission increases workload to conduct a new regulatory proceeding, likely in FY 2027-28. This can be accomplished within existing appropriations.

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 may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure tables above.

TABOR Refunds

Funds in the Unclaimed Property Trust Fund are exempt from TABOR, but may become subject to TABOR when transferred to other funds to be used for governmental purposes. If CEO is unable to repay the loan in full, any unpaid balance will constitute a transfer to a state cash fund and that amount will count against the state's TABOR limit in FY 2045-46.

Technical Note

The bill directs an amount of money from the Unclaimed Property Trust Fund to the On-Bill Cash Fund equal to CEO's costs to implement the program. The fiscal note assumes that the CEO's costs will be paid from the \$100 million loan to the On-Bill Cash Fund and that this additional transfer is redundant and not required. It is assumed that this provision will be removed by an upcoming amendment. If this provision remains in the bill, the fiscal note will be updated to show a larger transfer from the Unclaimed Property Trust Fund to reflect administrative costs in addition to the current \$100 million transfer.

Effective Date

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

State and Local Government Contacts

Colorado Energy Office

Regulatory Agencies

Law

Treasury

Personnel

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).