


Colorado Legislative Council Staff Fiscal Note
STATE and LOCAL
REVISED FISCAL IMPACT
 (replaces fiscal note dated February 20, 2007)

Drafting Number: LLS 07-0240

Date: April 11, 2007

Prime Sponsor(s): Rep. Gardner C.
Sen. Shaffer

Bill Status: House Appropriations

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TITLE: CONCERNING RENEWABLE ENERGY, AND, IN CONNECTION THEREWITH, REQUIRING COLORADO STATE UNIVERSITY TO CONDUCT A STUDY OF WATER-LIMITED AGROECOSYSTEMS AND BIOENERGY CROPS, REQUIRING COLORADO STATE UNIVERSITY TO ESTABLISH A BIOENERGY RESEARCH PROGRAM, REQUIRING THE PETROLEUM STORAGE TANK COMMITTEE TO ESTABLISH POLICIES REGARDING ABOVEGROUND STORAGE OF RENEWABLE FUELS, REQUIRING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH A BTU RENEWABLE ENERGY CREDIT PROGRAM, AND ELIMINATING THE EXCISE TAX ON GASOLINE MADE FROM AT LEAST EIGHTY-FIVE PERCENT ALTERNATIVE FUEL.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
State Revenue	\$0	\$0
State Expenditures		
General Fund	\$308,405	
CFE — Petroleum Storage Tank Fund	\$35,635	\$50,808
FTE Position Change	0.6 FTE	1.0 FTE
Effective Date: January 1, 2008.		
Appropriation Summary for FY 2007-2008: See State Appropriations section.		
Local Government Impact: See Local Government Impact Section.		

This fiscal note is revised to reflect amendments adopted by the House Transportation and Energy Committee. Mainly, the amendments eliminate the exemption for E85 from the state excise tax on gasoline which eliminates the impact on the Highway Users Tax Fund. The bill is also amended to eliminate the PUC requirement to implement a BTU credit program.

Summary of Legislation

Beginning January 1, 2008, this bill requires the executive director of the Department of Personnel and Administration to purchase *only* flexible fuel vehicles (FFVs) unless the cost is more than 10 percent higher than a comparable vehicle that runs on petroleum gasoline. FFVs are vehicles that can run on either petroleum gasoline or on an E85 ethanol blend. An E85 ethanol blend is made up of 85 percent ethanol and 15 percent petroleum gasoline.

This bill requires Colorado State University (CSU) to establish a Bioenergy Research Program and to conduct a study to evaluate water limited agroecosystems and bioenergy crops for purposes of producing alternative fuels.

Within 120 days after January 1, 2008, this bill requires the Petroleum Storage Tank Committee to establish policies that govern the placement of above-ground and underground storage tanks that contain renewable fuels.

This bill requires the Public Utilities Commission (PUC) to develop a policy to establish incentives for consumers who produce distributed generation, including small wind turbines, thermal biomass, electric biomass, and solar thermal energy.

State Expenditures

The bill's total fiscal impact is \$344,040 and 0.6 FTE for FY 2007-08 and \$50,808 and 1.0 FTE in FY 2008-09.

Department of Higher Education: Bioenergy Research Program and study — \$300,000 in FY 2007-08 only. This bill requires CSU's Agricultural Experimental Station to establish a Bioenergy Research Program to study dryland crops for use as energy sources. The station is required to conduct a study on water limited agroecosystems and bioenergy crops. Upon completion of the study, the station must submit a report on its conclusions to the General Assembly. The fiscal note estimates that \$300,000 will be needed to complete the study.

Department of Labor and Employment: Regulation of above-ground storage tanks — \$35,635 and 0.5 FTE in FY 2007-08 and \$50,808 and 1.0 FTE in FY 2008-09. This bill requires the Division of Oil and Public Safety (OPS) in the Department of Labor and Employment (DOLE) to establish regulations that govern the placement of above-ground and underground storage tanks that contain renewable fuels.

For FY 2007-08, OPS will require \$24,119 and 0.5 FTE to review applications and site plans before issuing permits. Staff will also visit sites for inspection and enforcement purposes. Annual travel and operating costs are estimated at \$2,070 and \$500. A one-time cost for computer programming of \$5,600 is needed to allow the current program to classify renewable fuel tanks separately. Also, a one-time capital cost of \$3,005 will be needed for computers and office furniture. The OPS will also require the Department of Law to assist in promulgating rules for regulating above-ground storage tanks. The fiscal note estimates that \$1,626 will be needed for legal services to the Department of Law in FY 2007-08 (24 hours X \$67.77).

Department of Regulatory Agencies, Public Utilities Commission: Incentives for consumers who produce distributed energy — \$8,405 General Fund and 0.1 FTE in FY 2007-08 only. This bill requires the PUC to develop a policy to establish incentives for consumers who produce distributed generation from small wind turbines, thermal biomass, electric biomass, and solar thermal energy. The PUC will require \$8,405 and 0.1 FTE to research distributed generation

programs. The PUC will evaluate an incentive policy for consumers who produce energy from these energy sources and report their findings regarding a credit program to the House Transportation and Energy Committee and the Senate Agriculture, Natural Resources, and Energy Committee.

Table 1. Expenditures Under House Bill 07-1228		
	FY 2007-08	FY 2008-09
Department of Higher Education Bioenergy Research Program and Study	300,000	\$0
Department of Regulatory Agencies, Public Utilities Commission Research and Findings for Energy Generation Programs	8,405 0.1 FTE	\$0 0.0 FTE
General Fund Total	\$308,405 0.1 FTE	\$0 0.0 FTE
Department of Labor and Employment, Division of Oil and Public Safety Regulation of Above-ground and underground Storage Tanks CFE — Petroleum Storage Tank Fund	35,635 0.5 FTE	50,808 1.0 FTE
Total Expenditures	\$344,040 0.6 FTE	\$50,808 1.0 FTE

State Appropriations

The fiscal note indicates the following appropriations for FY 2007-08:

- Department of Higher Education, Colorado State University, for allocation to the Agricultural Experimental Station — \$300,000; (GF)
- Department of Regulatory Agencies — \$8,405 and 0.1 FTE; (GF)
- Department of Labor and Employment — \$35,635 and 0.5 FTE; (CFE) and
- Department of Law — \$1,625 (CFE) transfer.

Departments Contacted

Agriculture	Governor	Higher Education
Labor and Employment	Law	Local Affairs
Natural Resources	Personnel and Administration	Public Safety
Regulatory Agencies	Revenue	