

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
FINAL FISCAL IMPACT**

Drafting Number: LLS 07-0240

Date: June 7, 2007

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

Bill Status: Signed into Law

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TITLE: CONCERNING RENEWABLE ENERGY, AND, IN CONNECTION THEREWITH, REQUIRING THE PETROLEUM STORAGE TANK COMMITTEE TO ESTABLISH POLICIES REGARDING ABOVEGROUND STORAGE OF RENEWABLE FUELS, AND MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
State Revenue	\$0	\$0
State Expenditures		
General Fund Appropriation to Controlled Maintenance Trust Fund	(\$8,405)	
General Fund	8,405	
Cash Funds Exempt — Petroleum Storage Tank Fund	35,635	\$50,808
FTE Position Change	0.6 FTE	1.0 FTE
Effective Date: The bill was signed by the Governor and became law on June 1, 2007.		
Appropriation Summary for FY 2007-2\008: See State Appropriations section.		
Local Government Impact: See Local Government Impact Section.		

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) or hybrid vehicles, 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.

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 \$44,040 and 0.6 FTE for FY 2007-08 and \$50,808 and 1.0 FTE in FY 2008-09.

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 \$1,035 and \$250. 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 Regulatory Agencies, Public Utilities Commission		
Research and Findings for Energy Generation Programs	8,405 0.1 FTE	\$0 0.0 FTE
General Fund Total	\$8,405 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	35,635 0.5 FTE	50,808 1.0 FTE
CFE — Petroleum Storage Tank Fund		
Total Expenditures	\$44,040 0.6 FTE	\$50,808 1.0 FTE

State Appropriations

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

- Department of Regulatory Agencies — \$8,405 General Fund and 0.1 FTE
- Department of Labor and Employment — \$35,635 cash funds exempt from the Petroleum Storage Tank Fund and 0.5 FTE
- Department of Law — \$1,625 cash funds exempt transfer
- SB07-239 — \$8,405 General Fund reduction to the Controlled Maintenance Trust Fund

Departments Contacted

Agriculture
Higher Education
Law
Natural Resources
Public Safety
Revenue

Governor
Labor and Employment
Local Affairs
Personnel and Administration
Regulatory Agencies