HB12-1105

Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL
REVISED FISCAL IMPACT

(replaces fiscal note dated January 27, 2012)

Drafting Number: LLS 12-0377
Prime Sponsor(s): Rep. Becker
Date: February 6, 2012
Bill Status: House Second Reading
Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING WIND ENERGY PROPERTY RIGHTS.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue	See State Revenue section.	
State Expenditures		
FTE Position Change		
Effective Date: August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

The bill, ***as amended by the House Committee on Agriculture, Livestock, and Natural Resources***, establishes that wind energy rights are not severable from the surface estate to real property in Colorado. Under the amended bill, development of wind energy rights is accomplished through a wind energy agreement, which may be styled as a lease, license, easement, or other grant or reservation, but must be evidenced in the real property records of the clerk and recorder in the county where the subject land is located. The amended bill also defines the procedure for release from a wind energy agreement that has terminated and for reversion of wind energy rights that have been undeveloped for a continuous period or years.

The bill clarifies that equipment and generated electricity are not subject to taxation until wind energy production commences.

State Revenue

Department of Natural Resources, State Land Board. The State Board of Land Commissioners (SBLC) manages the state land trust for public benefit in the state, including financial benefits from real property transactions involving state-owned lands. By better defining the marketability of wind energy rights, the bill may increase opportunities for the SBLC to benefit from wind energy development. The potential for increased revenue is not quantifiable at this time.

Local Government Impact

With the mandatory recording of wind energy agreements, county clerks and recorders may see a minimal increase in workload. Any increase in costs to county recording offices is assumed to be offset by new revenue from recording fees.

Departments Contacted

Property Taxation	Local Affairs	Agriculture
Governor's Energy Office	Governor	Natural Resources
Law	Regulatory Agencies	Personnel
Transportation	Corrections	