


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 08-0876
Prime Sponsor(s): Rep. Madden
 Sen. Romer

Date: July 21, 2008
Bill Status: Signed into Law
Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING THE FACILITATION OF THE FINANCING OF RENEWABLE ENERGY.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: The bill was signed by the Governor and became law on May 27, 2008.		
Appropriation Summary for FY 2008-2009: None required.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill expands the types of projects that may be financed by the Colorado Clean Energy Development Authority to include energy efficiency retrofits and the installation of renewable energy fixtures for private residences and commercial property. The bill also removes the Colorado Clean Energy Development Authority fund from the State Treasury, and requires the authority to establish the fund in a private financial institution.

The bill also expands the types of capital improvement projects that counties and municipal districts may finance through assessments to include such energy efficiency and renewable energy improvements. Current law allows Colorado counties and municipal districts to finance improvements including roads and sidewalks, other transportation services, and water and sewage system facilities through such assessments. The bill also expands the powers of counties and municipalities to include the encouragement of demand-side management programs.

Finally, the bill repeals the current statute prohibiting the Colorado Clean Energy Development Authority from making direct commercial loans.

Background

HB 07-1150 created the Colorado Clean Energy Development Authority, and authorized it to issue bonds to provide moneys for clean energy development and improvements in the state's electric transmission infrastructure. Specifically, HB 07-1150 authorized the authority to finance

a wind energy transmission facility project up to \$40 million and/or a solar energy project up to \$25 million. However, for any given fiscal year, the aggregate amount of scheduled payments of all outstanding bonds issued by the authority was limited to \$8 million. Issued bonds would be secured by moneys in the Colorado Clean Energy Development Authority Fund within the State Treasury, which consists of gifts grants and donations, revenue paid to the authority by public utilities and other persons using projects financed by the authority, and any moneys appropriated by the General Assembly. Unless Colorado voters approve such bonds or other obligations, no moneys in the fund can be used to secure bonds other than those specifically earmarked for that purpose. Voter approval is also required for the authority to incur a multi-year obligation.

Statutory Public Entity Impact

Renewable Energy Authority. The bill expands the types of projects that may be financed by the authority to include smaller energy efficiency retrofits and the installation of renewable energy fixtures on both residential and commercial structures. The authority would issue securities to build capital that would then be available to individuals and corporate and public entities to provide financing for these types of improvements. The loans would be repaid to the authority through a variety of mechanisms that would be specified in a financing agreement, including revenue collected from entities that have sponsored projects, including public utilities and local governments.

This bill also removes the Colorado Clean Energy Development Authority Fund from the State Treasury and requires the authority to create the fund in a private financial institution.

Local Government Impact

This bill allows local governments to finance energy efficiency retrofits and the installation of renewable energy fixtures through special assessments. Such assessments may be financed in cooperation with the authority as described above, but do not have to be. Local governments are authorized to initiate special improvement districts to encourage and finance energy efficiency and renewable energy improvements. Such districts will only include properties whose owners have consented to inclusion within the district. Improvement costs are required to be assessed only to properties whose owners have entered into a contract or agreement for the improvement. To the extent that local government facilities undergo energy efficiency or renewable energy improvements, such governments may save money through energy savings. The bill also expands the powers of local governments to include the encouragement of demand-side management programs.

Departments Contacted

Governor's Office

Local Affairs

Treasury