


Colorado Legislative Council Staff Fiscal Note
STATE
REVISED FISCAL IMPACT
(replaces fiscal note dated February 4, 2008)

Drafting Number: LLS 08-0601	Date: March 10, 2008
Prime Sponsor(s): Sen. Hagedorn Rep. Madden	Bill Status: Senate Appropriations
	Fiscal Analyst: Amy Larsen (303-866-3488)

TITLE: CONCERNING INCREASED FEES FOR STATIONARY SOURCES OF AIR EMISSIONS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue		
Cash Funds		
Stationary Sources Control Fund	\$ 1,756,234	\$ 1,756,234
Ozone Protection Fund	144,400	144,400
State Expenditures		
Cash Funds		
Stationary Sources Control Fund	\$ 509,079	\$ 495,259
Highway Users Tax Fund, AIR Account*	228,850	225,395
FTE Position Change	5.0 FTE	5.0 FTE
Effective Date: Upon signature of the Governor or upon becoming law without his signature.		
Appropriation Summary for FY 2008-2009: See State Appropriations section of the fiscal note.		
Local Government Impact: None.		

*Automobile Inspection and Readjustment (AIR) Account.

This fiscal note is revised to include amendments made in the Senate Health and Human Services Committee and to make technical corrections related to funding sources for air quality control programs.

Summary of Legislation

This bill increases fees assessed by the Department of Public Health and Environment for the following:

- ▶ registration of refrigeration systems and other appliances that contain ozone-depleting compounds;
- ▶ filing air pollutant emission notices;
- ▶ regulated air pollutants (per ton);
- ▶ hazardous air pollutants, including ozone-depleting compounds (per ton); and
- ▶ processing applications for prescribed fires.

Background

The Department of Public Health and Environment, Air Quality Control Division, is responsible for identifying the nature and impact of Colorado's air pollution and for implementing measures to prevent, control, and abate air pollution. The division operates separate programs for mobile sources, such as automobiles, and stationary sources, such as factories and power plants. Programs are funded with cash funds and federal funds.

FY 2007-08 appropriations for the division included spending authority for 7.0 new FTE to address increased workload primarily in the areas of oil and gas regulation, permits, and inspections. While spending authority was increased, cash funds revenue was not. For the current fiscal year, the division is spending down the Stationary Sources Control Fund balance, but funds are insufficient for FY 2008-09 and subsequent years.

State Revenue

State cash funds revenue will increase by \$1.9 million in FY 2008-09 and subsequent years due to fee increases specified in the bill. Of the total, \$144,400 is for the Ozone Protection Fund, and \$1,756,234 is for the Stationary Sources Control Fund.

Fee Impact on Individuals, Families or Business. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. The table below identifies the fee impact of this bill.

Table 1. Fee Impact on Individuals, Families or Business					
Type of Fee	Current Fee	Proposed Fee	Avg. Fee Change	Number Affected	Total Fee Impact
Registration of Refrigeration Systems	\$25 to \$200	\$75 to \$300	\$50.00	2,888	\$144,400
Air Pollutant Emission Notice	119.96	152.90	32.94	3,045	100,302
Air Pollutant Fee (per ton)	17.97	22.90	4.93	215,200	1,060,936
Hazardous Air Pollutant Fee (per ton)	119.96	152.90	32.94	6,600	217,404
Application Fee for Prescribed Fires	59.98	76.45	16.47	22,926	377,591
TOTAL					\$1,900,633

State Expenditures

State cash funds expenditures are expected to increase by \$737,929 and 5.0 FTE in FY 2008-09 and by \$720,654 and 5.0 FTE in subsequent years in the Department of Public Health and Environment, Air Quality Control Division. Expenditures are included to meet the division's broad statutory responsibilities and to replace reduced federal funding.

Meeting Statutory Responsibilities. While the statutory responsibilities for the department do not change in this bill, the revenue generated will allow the Air Quality Control Division to perform the following functions:

- ▶ process permit applications from stationary sources of air pollution (1.0 FTE and operating expenses);
- ▶ perform inspections of stationary sources of air pollution (2.0 FTE, operating, and travel expenses); and
- ▶ develop, implement, and support the state's climate action plan and other climate change activities (2.0 FTE and operating expenses). The funding to support the state's climate change activities is assumed to be shared equally between stationary sources and mobile sources of air pollution.

Loss of Federal Funds. Federal funding for the division is expected to be reduced by \$319,631 beginning in FY 2008-09. Cash funds are expected to replace these federal funds to maintain operations.

Table 2. Expenditures for the Department of Public Health and Environment Under SB08-055		
Cost Components	FY 2008-09	FY 2009-10
Meeting Statutory Responsibilities*	\$379,857	\$379,857
FTE	5.0	5.0
Operating Expenses and Capital Outlay	38,441	21,166
Loss of Federal Funds	319,631	319,631
TOTAL	\$737,929	\$720,654
Stationary Sources Control Fund	509,079	495,259
AIR Account	228,850	225,395

* Personal Services

Maintaining Current Operations. The current statutory fees credited to the Stationary Sources Control Fund are insufficient to cover the Department of Public Health and Environment's budget request for the Air Quality Control Division for FY 2008-09. The fiscal note assumes that cash funds spending authority will be included in the Long Bill based on the FY 2008-09 recommendations of the Joint Budget Committee. However, revenue generated by SB08-055 is required to maintain the current level of operations. For FY 2008-09, \$466,000 is required from the Stationary Sources Control Fund. For FY 2009-10 and subsequent years, \$1.2 million is required from the Stationary Sources Control Fund and \$6,100 from the Ozone Protection Fund.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated to reflect the total direct and indirect costs required to support a particular program.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements (\$5,446)
- supplemental amortization equalization disbursements (\$2,553)
- indirect costs (\$97,882 - 23.4% of direct costs)
- short-term disability
- leased space

In FY 2008-09, indirect costs of \$105,881 are expected for the Department of Public Health and Environment (\$88,366 - Stationary Sources Control Fund, \$17,515 - AIR Account).

State Appropriations

Although the bill includes an appropriation for FY 2008-09, the fiscal note indicates that the Department of Public Health and Environment should receive the following appropriation:

<u>\$737,929</u>	<u>Total and 5.0 FTE</u>
509,079	Stationary Sources Control Fund and 4.0 FTE
228,850	Highway Users Tax Fund, AIR Account and 1.0 FTE

Departments Contacted

Public Health and Environment