

**STATE
FISCAL IMPACT**

Drafting Number: LLS 10-0760

Date: February 19, 2010

Prime Sponsor(s): Rep. Gerou

Bill Status: House Transportation and Energy

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TITLE: CONCERNING THE ESTABLISHMENT OF A GREEN BUILDING INCENTIVE PILOT PROGRAM ADMINISTERED BY THE GOVERNOR'S ENERGY OFFICE TO INCENTIVIZE THE MAKING OF ENERGY EFFICIENCY IMPROVEMENTS TO EXISTING RESIDENCES WITH CURRENT HOME ENERGY RATINGS BELOW MINIMUM STANDARDS FOR PEOPLE WHO PURCHASE HIGHLY EFFICIENT NEW RESIDENTIAL CONSTRUCTION.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures		
Federal Funds	\$317,335	\$315,934
FTE Position Change	0.3 FTE	0.3 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

* *Estimated state expenditures represent minimum amounts for a viable program. However, the bill requires that the program be funded with federal monies for which the General Assembly has no spending authority.*

Summary of Legislation

This bill creates the Green Building Incentive Pilot Program, to be developed and administered by the Governor's Energy Office (GEO). Under the program, GEO will award grants to qualified applicants who are preparing to sell their current homes with energy efficiency ratings below minimum standards and purchase highly efficient new residential construction. Grants will be awarded for the purpose of allowing applicants to make energy efficiency improvements to their current residences to increase their marketability.

Applicants are required to submit specified documentation related to the energy requirements for both the existing and the new residences to GEO, as well as closing documents for the new residence. GEO is required to maintain a list of qualified contractors able to make the energy efficiency improvements. Funding for the grants is to come from federal funds received by GEO through the American Recovery and Reinvestment Act of 2009 (ARRA).

State Expenditures

Governor's Energy Office (GEO). In FY 2010-11 and FY 2011-12, the GEO will incur costs of \$317,335 and 0.3 FTE and \$315,934 and 0.3 FTE to provide grants and cover administrative expenses. Minimum expenditures in FY 2010-11 are comprised of \$17,335 and 0.3 FTE for program administration and \$300,000 for grant awards. Table 1 details these expenses.

Cost Components	FY 2010-11	FY 2011-12
Personal Services	\$15,649	\$5,803
FTE	0.3	0.3
Operating/Capital Expenses	\$1,686	\$285
Grants	\$300,000	\$300,000
TOTAL	\$317,335	\$315,934

It should be noted that it is not clear that ARRA funds can be used to fund this pilot program.

Program Administration - \$17,335 and 0.3 FTE. The bill creates a new grant pilot program at GEO. The GEO will review applications and make grant awards, track required documentation submitted by applicants, and monitor grant awards and work completed.

Energy Efficiency Improvement Grants - \$300,000. It is anticipated that grant award moneys will comprise the largest cost component. The amount of grant awards is dependent on the amount of available funding. This fiscal note assumes that a complete home energy retrofit from moderately inefficient to moderately efficient costs \$10,000, and that 30 percent of total job cost constitutes a sufficient grant. Thus, the average grant will be \$3,000. It is further assumed that a viable pilot grant program would require sufficient funds for 100 grant awards annually. More grants could be issued if enough interest exists among home buyers and sufficient spending authority can be obtained for the program.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under HB 10-1331*		
Cost Components	FY 2010-11	FY 2011-12
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$2,152	\$2,152
Supplemental Employee Retirement Payments	\$582	\$708
Indirect Costs	\$3,687	\$3,687
Leased Space	\$4,200	\$4,200
Workers Comp/Risk Management	\$81	\$81
TOTAL	\$10,702	\$10,828

**More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>*

State Appropriations

This bill does not require an appropriation clause, as the General Assembly has no spending authority over moneys that the Governor's Energy Office received through the American Reinvestment and Recovery Act.

Departments Contacted

Governor's Office