



Finally, the bill makes two changes to the renewable energy credit system used by retail electric producers to comply with the Amendment 37 renewable portfolio standard (RPS). First, it requires the PUC to allow the use of credits from eligible energy resources provided the resource meets the statutory definition. Second, it stipulates that once a utility enters into a contract using a certain definition of eligible energy resources, that definition remains in place throughout the term of the contract, regardless of changes to the statutory definition that occur during that time period.

### **State Expenditures**

***School Finance Impact.*** As part of the school finance act, K-12 education in Colorado is funded with state aid and local property tax revenue. If property tax revenue declines, the state is required to increase its aid to make up the difference.

To the degree that qualifying biomass energy facilities that would have been put into service without the bill begin operating after January 1, 2010, state aid for local school districts will increase in the short term and decrease in the long term. This will potentially increase state aid for school finance starting in FY 2011-12. Beginning on July 1, 2013, the property tax exemption for forestry equipment used in the production of woody biomass may also create the need for additional state aid to offset reduced property tax collections for school districts. The amount of additional state aid required is anticipated to be minimal.

### **Local Government Impact**

Local governments may lose property tax revenue because of the bill's provision to provide a property tax exemption for certain forestry equipment. In the short term, they may also lose property tax revenue because of using the income approach to value new biomass energy facilities. For local governments that consistently reach their revenue limit due to high assessed value growth, the impact of the bill will be felt through smaller decreases in the mill levy. A portion of the money that would have been received from biomass energy facilities or forestry equipment taxpayers will instead be spread out over the remaining tax bills in the form of higher mill levies than would have occurred without the bill. For local governments that do not reach their revenue limit, the bill will reduce property taxes. The loss in local property taxes is expected to be minimal.

### **Departments Contacted**

Local Affairs

Regulatory Agencies

**Note: Agencies were canvassed on 3/1/2010. This fiscal note will be updated as appropriate as further information becomes available.**