

  
*Colorado Legislative Council Staff Fiscal Note*  
**LOCAL**

**CONDITIONAL FISCAL IMPACT**

**Drafting Number:** LLS 11-0556  
**Prime Sponsor(s):** Rep. Jones  
 Sen. Schwartz

**Date:** January 21, 2011  
**Bill Status:** House Local Government  
**Fiscal Analyst:** Marc Carey (303-866-4102)

**TITLE:** CONCERNING THE INCLUSION OF COMMERCIAL BUILDINGS IN THE COLORADO NEW ENERGY IMPROVEMENT DISTRICT.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
<b>State Revenue</b>		
<b>State Expenditures</b>		
<b>FTE Position Change</b>		
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2011-2012:</b> None required.		
<b>Local Government Impact:</b> See Local Government Impact section.		

**Summary of Legislation**

The bill expands the scope of the new energy improvement program established by the Colorado New Energy Improvement District by making commercial buildings, including buildings owned or used by nonprofit entities, eligible to be included in the district.

**Background**

Under Property-Assessed Clean Energy (PACE) financing programs, local governments or financing districts sell bonds to investors, then loan the proceeds to property owners to cover the cost of renewable energy or energy efficiency improvements. The loans are typically repaid over time (15 to 20 years) through an annual assessment on the property owner's property tax bill.

In May 2008, Colorado enacted **HB08-1350** which enabled Colorado counties and cities to propose a local improvement district (LID) specifically for clean energy improvements. Boulder County, Eagle County, Gunnison County and Pitkin County have used this provision to enact PACE financing programs. **SB10-100** amended this law to allow multiple counties, even non-contiguous counties, to form a single clean energy improvement district.

**HB10-1328** further expanded this authority by creating the Colorado New Energy Improvement District, a clean energy LID encompassing the entire state of Colorado. The bill authorized the district to issue up to \$800 million in bonds to fund PACE financing programs. Local governments wishing to provide PACE financing programs to their citizens may opt to join the statewide LID and access this bond revenue for clean energy loans. To date, while several counties have expressed interest in joining the district, none have done so.

### **Local Government Impact**

Local governments that opt to join the Colorado New Energy Improvement District will see a slight increase in administrative costs from allowing commercial properties to participate than they would have otherwise. Additional costs could include tracking the expanded number of clean energy loans that will occur in their jurisdiction and the effect of these improvements on property assessments. Local governments generally charge fees to offset the costs of such activities. These impacts are conditional on the local government choosing to opt into the district.

To the extent that property values increase as a result of energy improvements financed by the district, local governments will see an increase in property tax revenue, unless the entity is at its TABOR revenue limit. For governments at the limit, mill levies will decline.

### **Departments Contacted**

Local Affairs

Regulatory Agencies