


Colorado Legislative Council Staff Fiscal Note
STATE
REVISED FISCAL IMPACT
(replaces fiscal note dated April 18, 2012)

Drafting Number: LLS 12-0418
Prime Sponsor(s): Rep. Becker
 Sen. Steadman

Date: May 3, 2012
Bill Status: Senate Appropriations
Fiscal Analyst: Jonathan Senft (303-866-3523)

TITLE: CONCERNING THE REORGANIZATION OF THE GOVERNOR'S ENERGY OFFICE, AND IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

| Fiscal Impact Summary | FY 2012-2013 | FY 2013-2014 |
|--|---------------|---------------|
| State Revenue | | |
| State Transfers or Diversions | | |
| Transfer from the General Fund to the Clean and Renewable Energy Fund | (\$1,560,491) | (\$1,600,000) |
| Transfer from the Severance Tax Trust Fund to the Innovative Energy Fund | (\$1,500,000) | (\$1,500,000) |
| State Expenditures | | |
| FTE Position Change | | |
| Effective Date: July 1, 2012. | | |
| Appropriation Summary for FY 2012-2013: See State Appropriations section. | | |
| Local Government Impact: None. | | |

Summary of Legislation

This bill, *as amended by the Senate Finance Committee*, reorganizes the Governor's Energy Office (GEO). Specifically, the bill:

- changes the name of GEO to the Colorado Energy Office;
- changes the statutory mission of GEO from promoting renewable energy and energy efficiency to encouraging all sources of energy development;
- mandates legislative approval for any changes related to policies contained in GEO's strategic plan, policies related to the definition of renewable energy, policies related to energy transmission, or any policy that may negatively impact traditional energy sources;
- creates the Clean and Renewable Energy Cash Fund and makes an appropriation thereto;
- Creates the Innovative Energy Fund and specifies its funding from severance taxable resources; and
- repeals the Clean Truck program and Clean Energy Development Authority.

Background

The original form of GEO was created in 1977 to promote energy conservation in Colorado. GEO is funded from a variety of sources including cash funds, federal funds and private contributions. In 2011, SB11- 209 (Long Bill) provided GEO with \$1,440,547 and approximately 28.1 FTE.

State Transfers

For FY 2012-13, this bill requires two one-time transfers to GEO, as follows:

- \$1,560,491 from the General Fund to the Clean and Renewable Energy Fund; and
- \$1,500,000 from the Severance Tax Trust Fund to the Innovative Energy Fund.

For FY 2013-14 until FY 2016-17, this bill requires annual transfers to GEO, as follows:

- \$1,600,000 from the General Fund to the Clean and Renewable Energy Fund; and
- \$1,500,000 from the Severance Tax Trust Fund to the Innovative Energy Fund

The Severance Tax Trust Fund is used to provide funding for a number of programs that receive quarterly disbursements based on a percentage of the Severance Tax Trust Fund balance. Because the \$1.5 million annual transfer to the Innovative Energy Fund comes off the top of this trust fund, it is assumed that quarterly disbursements will be proportionally reduced.

State Expenditures

It is assumed that money transferred into the cash funds, as well as new funds from the General Fund and Severance Tax Trust Fund, will be expended on current programs under GEO. While this bill expands the overall mission of GEO, specific projects that would add to the GEO's workload are not identified, and therefore no assessment is provided as to how new funds will be expended.

The bill also requires the State Auditor to complete a performance audit of GEO no later than July 1, 2017. Each performance audit costs approximately \$175,000, however this will be conducted within the auditor's annual budget.

State Appropriations

- For FY 2012-2013, this bill requires a General Fund appropriation of \$1,560,491 to the Governor's Energy Office.
- For FY 2012-2013, this bill requires a cash fund appropriation of \$1,500,000 to the Governor's Energy Office.

Due to the creation of the new fund under GEO, this bill also may require the appropriation of FTE. This action does not change the number of FTE at the office, and simply designates these FTE to the new fund. In the interest clarity, it is intentionally omitted from this appropriations section.

Departments Contacted

Governor's Office

Human Services

Local Affairs

Revenue