HB12-1315

Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

Drafting Number:	LLS 12-0418	**Date:**	March 27, 2012
Prime Sponsor(s):	Rep. Becker Sen. Steadman	**Bill Status:**	House Agriculture
		Fiscal Analyst:	Jonathan Senft (303-866-3523)

TITLE: CONCERNING THE REORGANIZATION OF THE GOVERNOR'S ENERGY OFFICE.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue Clean [Innovative] Energy Fund	See State Revenue section	
State Transfer Transfer from the Severance Tax Perpetual Base Account to the Clean [Innovative] Energy Fund	($1,250,000)	($1,250,000)
State Expenditures Clean [Innovative] Energy Fund	See State Expenditures section	
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 reorganizes the Governor's Energy Office (GEO). Among other changes, the bill:

- changes the name of GEO to the Colorado Office of Energy Development;
- discontinues GEO on July 1, 2018, and requires a sunset review prior to repeal;
- changes GEO's statutory mission from promoting renewable energy and energy efficiency to encouraging all sources of energy development;
- mandates legislative approval for any changes related 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 Renewable Energy Cash Fund to consist of gifts, grants and donations and unspecified appropriations from the General Assembly;
- renames the Clean Energy Fund to the Innovative Energy Fund, changes its appropriation from continuous to annual, and changes the purpose and expenditures of the fund to apply to severance taxable resources;

- repeals the Clean Truck program and Clean Energy Development Authority; and
- removes the ability of GEO to use up to five percent of the annual appropriation for administration of the low-income energy assistance program.

If GEO is extended past 2018, it will be subject to review every five years.

Finally, this bill transfers $1.25 million from the Severance Tax Perpetual Base Account to the Innovative Energy Fund created in this bill.

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 Revenue

Currently, approximately $2.2 million per year is deposited into the Clean [Innovative] Energy Fund from utility companies in order to provide weatherization services to low income homes. This bill eliminates the ability of the fund to be expended on weatherization projects by directing its expenditures to severance taxable resources. This fiscal note assumes these private funds will be redirected into another cash fund, thereby avoiding the loss of this revenue. At the time of this writing no fund has been identified to accept these funds.

State Transfers

This bill requires the transfer of $1,250,000 annually from the Severance Tax Perpetual Base Account to the Innovative Energy Fund created in this bill for FY 2012-13 through FY 2016-17.

State Expenditures

This bill eliminates GEO's ability to use up to five percent of the annual appropriation for administration of the low-income energy assistance program. These funds are estimated at approximately $325,000 per year. As of the time of this writing, it is unclear whether these funds would need to be replaced, in the event the program continues unabated, or would simply result in a downscaling of the program.

This bill also transfers $1.25 million annually to the Clean [Innovative] Energy Cash Fund. It is assumed that this money will be expended on the various programs serviced by this cash fund, although no specific appropriation has been identified from the bill at the time of this writing.

Costs associated with name change. This bill changes the name of GEO. This change requires costs to cover administrative adaptations, such as altering letterhead, web design and signage. Any minimal costs associated with this change are expected to be absorbed within existing appropriations.

Departmental Difference

GEO identifies a potential funding gap created by this bill from January 2013 to July 2013 due to the change in appropriation method. GEO currently receives Severance Tax transfers in January of each year. Transfers received in January 2013 are used to provide services from July 1, 2013 to June 30, 2014. Under this bill, the appropriation for accounts receiving Severance Tax funds is moved to annual, and spending authority for those funds would thus be provided in July 2013, six months later than current practice under continuous appropriations. GEO assumes that an appropriation of $3,250,000 is needed to operate during these six months. This fiscal note assumes that spending authority can be requested for FY 2012-13 in July 2012, based on prior spending, and can be expended when funds arrive in January 2013, or after, as scheduled.

State Appropriations

For FY 2012-2013, and each year thereafter, the Governor's Energy Office requires an appropriation of up to $13 million, cash funds, for the operation of several programs. Because this bill changes the appropriation method for the Clean Energy Fund, the Public School Energy Efficiency Fund and the Low-Income Energy Assistance Fund from continuous to annual, it is assumed that any expenditures from these funds, from FY 2012-13 forward, will need to be specifically appropriated. The figure above represents the combined annual expenditures from these funds.

Departments Contacted

Governor's Office Human Services Local Affairs Revenue