

*Colorado Legislative Council Staff Fiscal Note*  
**STATE and STATUTORY PUBLIC ENTITY**  
**FISCAL IMPACT**

<b>Drafting Number:</b> LLS 14-0121	<b>Date:</b> January 22, 2014
<b>Prime Sponsor(s):</b> Sen. Heath Rep. Hulinghorst	<b>Bill Status:</b> Senate Agriculture <b>Fiscal Analyst:</b> Alex Schatz (303-866-4375)

**SHORT TITLE:** COLORADO ENERGY RESEARCH AUTHORITY

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
<b>State Revenue</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<i>State Transfers</i>		
General Fund †	(2,000,000)	(2,000,000)
Cash Funds	2,000,000	2,000,000
<b>State Expenditures</b>	<b><u>\$2,000,000</u></b>	<b><u>\$2,000,000</u></b>
Cash Funds	1,999,205	1,999,165
Centrally Appropriated Costs**	795	835
<b>FTE Position Change</b>	0.1 FTE	0.1 FTE
<b>Appropriation Required:</b> None. Funds are continuously appropriated.		

\* This summary shows changes from current law under the bill for each fiscal year. Transfers and diversions result in no net change to state revenue. Parentheses indicate a decrease in funds.  
 \*\* These costs are not included in the bill's appropriation. See the State Expenditures section for more information.  
 † A General Fund transfer is assumed by this fiscal note. See the Technical or Mechanical Defects section for discussion.

**Summary of Legislation**

This bill changes the name of the Colorado Renewable Research Authority to the Colorado Energy Research Authority (CERA). The bill creates a new cash fund to support CERA, the continuously appropriated Energy Research Cash Fund (ERCF). Starting July 1, 2014, and on July 1 for the four subsequent fiscal years, the bill requires an annual transfer of \$2 million to the ERCF. This amount in its entirety is available as matching funds for the energy-related research of the collaboratory, subject to reduction for OEDIT administration and other CERA activities. Based on a \$2 million annual transfer, up to \$100,000 each year is available for other CERA initiatives, and up to \$100,000 each year is available for OEDIT administrative costs.

The bill defines the Colorado Energy Research Collaboratory (the collaboratory) as a consortium of three state institutions of higher education—the University of Colorado at Boulder, Colorado State University, and the Colorado School of Mines—and the National Renewable Energy Laboratory. CERA is required to allocate certain state matching funds for grants that support the collaboratory's energy research activities.

The board of CERA is three members appointed by the governor. The Office of Economic Development and International Trade (OEDIT) will provide administrative support for CERA, including receiving CERA's annual report and making a report on CERA's activities to the General Assembly.

**Background**

The Colorado Renewable Research Authority was created by House Bill 06-1322. This legislation directed the authority to allocate \$2 million per year for three fiscal years (FY 2006-07 through FY 2008-09) to matching grants for energy research at the predecessor organization of the collaboratory. The authority successfully expended its \$6 million overall budget for matching funds. Under HB 06-1322, the source of the \$2 million annual transfer was the operational account of the severance tax trust fund. The statutory authority for this transfer was repealed as of July 1, 2009.

**State Revenue**

The bill produces no net change in state revenue. State matching funds awarded by CERA provide revenue for state institutions of higher education after the ERCF receives transfers from the General Fund.

**Assumptions.** The fiscal note assumes transfers to the ERCF are drawn from the state General Fund. For further discussion, see the Technical or Mechanical Defects section below.

**Institutions of higher education.** The University of Colorado at Boulder, Colorado State University, and the Colorado School of Mines are primary recipients of funding in the ERCF. The specific allocation of matching funds that supports each institution depends on specific research and grant opportunities.

**State transfers.** For the next five fiscal years, the bill transfers \$2 million annually from the General Fund to the ERCF, for a net total transfer of \$10 million as of July 1, 2018.

**State Expenditures**

The bill increases state expenditures in OEDIT by \$2,000,000 for each fiscal year between FY 2014-15 and FY 2018-19. Table 1 summarizes the impact of the bill on OEDIT, including administrative expenditures of \$26,732 and 0.1 FTE in FY 2014-15 and by \$16,772 and 0.1 FTE in FY 2015-16.

<b>Table 1. Expenditures Under SB 14-011</b>		
<b>Cost Components</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Personal Services	\$4,937	\$4,937
FTE	0.1	0.1
Contractor	10,000	10,000
Software Modifications	10,000	0
Miscellaneous supplies	1,000	1,000
Matching Funds	1,974,268	1,983,228
Centrally Appropriated Costs*	795	835
<b>TOTAL</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>

\* Centrally appropriated costs are not included in the bill's appropriation. These costs include insurance, retirement, leased space, and indirect costs.

**Assumptions.** In addition to disbursing moneys from the ERCF and making an annual report to the General Assembly, the fiscal note assumes that OEDIT provides basic administrative support for CERA.

**Office of Economic Development.** Beginning in FY 2014-15, management of the ERCF, including accounting and procurement support, preparation of forms and instructions, and other administration will increase OEDIT workload by 200 hours each year, or 0.1 FTE. OEDIT will hire a contractor to compose the annual report to the General Assembly. The bill also requires changes to OEDIT software to be performed by a contractor, to integrate financial data and other performance measures related to projects of the collaboratory. The remainder of the \$2 million annual transfer is committed to matching fund for the collaboratory.

### **Statutory Public Entity Impact**

The bill provides funding for the activities of CERA through FY 2018-19. In addition to providing matching funds, the bill makes available \$100,000 for other CERA functions, including promoting the collaboratory and developing specialized research and education at Colorado institutions of higher education. The fiscal note assumes increased revenue to the statutory public entity is equaled by increased expenditures.

### **Technical or Mechanical Defects**

The bill does not identify a source fund for the \$2 million annual transfer. Thus, the fiscal note assumes transfers to the ERCF originate as state General Fund moneys.

### **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

### **State Appropriations**

The bill does not require an appropriation. State expenditures from the ERCF are continuously appropriated.

### **State and Local Government Contacts**

Treasury  
Governor  
Higher Education

Office of Economic Development and International Trade  
Personnel and Administration  
Colorado Energy Office