

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-1052
Prime Sponsor(s): Sen. Kerr

Date: April 22, 2014
Bill Status: Senate Education
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SHORT TITLE: FUNDING FOR ENERGY EFFICIENCY IN SCHOOLS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	Possible increase See State Revenue section	
Cash Funds		
State Expenditures		
FTE Position Change		
Appropriation Required: None		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

The bill modifies the Renewable Energy and Energy Efficiency for Schools (REEES) loan program administered by the Colorado Energy Office (CEO). Specifically, the bill increases the availability of funds for applicant school districts by:

- expanding the types of financial institutions from which school districts can determine available financing terms;
- including solar thermal and solar photovoltaic technologies as projects for which loans are available;
- eliminating the requirement that school districts determine financing terms with at least two banks before seeking a loan under the program;
- allowing school districts to obtain renewable energy through power purchase agreements, third-party ownership of energy generation facilities, or participation in community solar gardens;
- changing project certification requirements from federal "energy star" certification to compliance with the state standards for energy-efficient school buildings; and
- lowering the interest rate of loans to equal, rather than exceed the average book yield earned by the Public School Fund in the previous quarter.

Background

The Renewable Energy and Energy Efficiency for Schools (REEES) Loan Program. House Bill 09-1312 created the REEES loan program administered by the Colorado Energy Office. The program provides school districts with loans for wind, solar, or other renewable energy projects. Battery-powered, compressed natural gas, or hybrid-electric bus projects are also eligible.

To apply for a loan, a school district must receive approval from its board of education and have a team dedicated to the project. Applications are submitted to the CEO and must meet specific standards for the project facility. The CEO then recommends awards and loan amounts to the State Treasurer. The State Treasurer approves loans, provides funds from the Public School Fund, and specifies loan terms. Fees may be required with each application. Prior to accepting the loan, school districts must determine available financing terms from at least two banks. If a district is unable to repay a loan, the State Treasurer may withhold funds from the state share of the district's school finance funding. If a loan is not repaid, the General Assembly must reimburse the Public School Fund with a General Fund appropriation.

State Revenue

By increasing the availability of funds for loans, this bill may increase the number of applications received and associated fee revenue. Because the program has not been utilized to date, it is not possible to quantify the prospective revenue increase.

State Expenditures

Colorado Energy Office. The provisions in this bill expand the availability of funds for school districts and only minimally affect the administrative costs of the program. Thus the CEO will be able to implement this bill within existing resources.

School District Impact

School districts interested in the REEES loan program will see an streamlined application process and reduced costs associated with program loans.

Effective Date

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

State and Local Government Contacts

Education

Colorado Energy Office

School Districts