

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0757
Prime Sponsor(s): Sen. Jones
 Rep. Tyler

Date: February 2, 2015
Bill Status: Senate Agriculture
Fiscal Analyst: Lauren Schreier (303-866-3523)

BILL TOPIC: ENERGY COST-SAVINGS CONTRACTS FOR VEHICLE FLEETS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	Potential change. See State Expenditures section.	
FTE Position Change		
Appropriation Required: None.		

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

Summary of Legislation

Current law allows a state agency or political subdivision to enter into a vehicle fleet operational and fuel-cost savings contract, known as an energy performance contract, if the amount of actual cost savings for each year during the contract period exceeds the amount of annual contract payments, including maintenance costs. The bill clarifies that the actual cost savings demonstrated do not include any moneys that would have otherwise been spent on other vehicle purchases, maintenance, or operational costs. The bill also clarifies that expected total contract savings must be equal to or less than the sum of the vehicle acquisition costs, operation, and maintenance.

Background

Senate Bill 13-254 expanded energy performance contracts to permit state agencies and political subdivisions to enter into vehicle operational and fuel cost savings contracts. Prior to entering into any contracts, state agencies must submit their plan for approval by the Department of Personnel and Administration (DPA) and consult with the Colorado Energy Office (CEO). As of the writing of this fiscal note, no state agencies have entered into a vehicle fleet energy performance contract.

State Expenditures

The bill may impact state expenditures. By clarifying that certain costs are not included in the amount used to calculate the savings threshold for a energy performance contract, these contracts may be deemed feasible in situations not previously identified by agencies that manage vehicle fleets, such as the DPA. To the extent that state agencies enter into vehicle fleet energy performance contracts in the future, state expenditures may be impacted. Since no state agency has entered into such a contract, the potential expenditures are unknown. However, any potential expenditure increase would be offset by savings of at least an equal amount.

Local Government Impact

Similar to the state, the bill may impact costs for local governments. To the extent that local governments enter into vehicle fleet energy performance contracts in the future, local government expenditures may be impacted. The potential costs are unknown at this time. However, any potential expenditure increase would be offset by savings of at least an equal amount.

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Personnel
Colorado Energy Office
Special District Association

Counties
Municipalities