

## Colorado Legislative Council Staff Fiscal Note

# STATE and LOCAL FISCAL IMPACT

Drafting Number: LLS 15-0557

Date: March 26, 2015

Prime Sponsor(s): Sen. Johnston, Donovan

Bill Status: Senate Agriculture

Fiscal Analyst: Marc Carey (303-866-4102)

**BILL TOPIC:** ENERGY LOANS FOR SCHOOL ENERGY AUDITS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
<b>State Revenue</b>	Possible increase See State Revenue section	
Revenue Change Cash Funds		
<b>State Expenditures</b>		
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> None		

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

## Summary of Legislation

Under current law, the Renewable Energy and Energy Efficiency for Schools (REEES) Loan program provides loans to school districts to help them pay for technical assistance, equipment, or the installation costs associated with renewable energy and energy efficiency projects. This bill expands the authorized uses of this funding to include covering the costs of an energy audit for the purpose of establishing the expected energy savings from the project.

## Background

**The REEES Loan Program.** House Bill 09-1312 created the REEES loan program administered by the Colorado Energy Office (CEO). 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. Although the program was modified through Senate Bill 14-202 to increase the availability of funds for applicant school districts, to date, the CEO has not received any loan applications.

### **State Revenue**

By increasing the potential uses for loan funds to include energy audits, it is possible that this bill may spur applications 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 of this bill expand the allowable use of loan funds to include energy audits. However, the bill only minimally affects program administrative costs, and is thus possible for the CEO to implement within existing resources.

### **School District Impact**

School Districts will now be able to use funding from approved loans for energy audits.

### **Effective Date**

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

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

Colorado Energy Office

Education

School Districts