



*Colorado Legislative Council Staff*  
**STATE and LOCAL**  
**REVISED FISCAL IMPACT**  
 (replaces fiscal impact dated February 18, 2006)

**Drafting Number:** LLS 06-0848  
**Prime Sponsor(s):** Rep. Buescher  
 Sen. Tapia

**Date:** March 6, 2006  
**Bill Status:** House Appropriations  
**Fiscal Analyst:** David Porter (303-866-4375)

**TITLE:** CONCERNING SUPPORT FOR THE DEVELOPMENT OF CLEAN ENERGY RESOURCES USING PROCEEDS OF THE OPERATIONAL ACCOUNT OF THE SEVERANCE TAX TRUST FUND.

<b>Fiscal Impact Summary</b>	<b>FY 2005/06</b>	<b>FY 2006/07</b>	<b>FY 2007/08</b>
<b>State Revenues</b>			
Cash Funds - Operational Account of Severance Tax Fund	(\$6,000,000)	(\$6,000,000)	(\$6,000,000)
Cash Funds Exempt - Clean Energy Development Fund	6,000,000	6,000,000	6,000,000
<b>State Expenditures</b>			
Cash Funds Exempt - Clean Energy Development Fund	\$6,000,000	\$6,000,000	\$6,000,000
<b>FTE Position Change</b>		0.0 FTE	0.0 FTE
<b>Effective Date:</b> Upon signature of the Governor.			
<b>Appropriation Summary for FY 2005/06:</b> Office of the Governor \$6,000,000 CFE - Clean Energy Development Fund			
<b>Appropriation Summary for FY 2006/07:</b> Office of the Governor \$6,000,000 CFE - Clean Energy Development Fund			
<b>Local Government Impact:</b> Possible increased revenue from grant receipt.			

**This revised fiscal note addresses an omission of the FY 2005-06 expenditures in the original fiscal note dated February 18, 2006.**

**Summary of Legislation**

HB06-1322 creates the Clean Energy Development Fund, transfers \$6.0 million to it for FY 2005-06 through FY 2007-08, and specifies how the Governor's Office of Energy Management and Conservation will spend it. The \$6.0 million shall be transferred from the operational account of the Severance Tax Trust Fund. The intention is to use the money to help support the research and development of advanced clean oil technologies, renewable energy, and energy conservation.

- \$3.0 million - is appropriated for the research and development of an integrated gasification combined-cycle (IGCC) electric generation facility. An IGCC power plant is one that combines two technologies in the production of electricity. First, rather than

burning pulverized coal, the plant processes the coal into a gaseous state. This gas, called syngas, can be cleaned and burned. Second, the exhaust heat from the combustion turbine is recovered and used to produce steam that spins a second generator.

- \$3.0 million (and funds not consumed by the IGCC project) - is distributed through a grant process managed by the Office of Energy Management and Conservation. Grants are awarded for the following two purposes:
  - the development of new energy technologies for the transportation sector that use either renewable energy or clean energy processes; and
  - the development of energy efficiency measures and renewable energy sources for public entities.

Each year, the office must submit a report to the General Assembly that details expenditures, benefits and savings found by grant recipients, and recommendations for similar projects in the future.

### **State Revenues**

The Governor's Office of Energy Management and Conservation will receive revenues of \$6.0 million in FY 2005-06, FY 2006-07, and FY 2007-08 as a transfer from the Severance Tax Trust Fund to the Clean Energy Development Fund.

### **State Expenditures**

State expenditures of \$6.0 million are required in FY 2005-06, FY 2006-07, and FY 2007-08. The Governor's Office of Energy Management and Conservation will coordinate the granting of the money that will be appropriated each of the three years. The office expects that current staff will be able to absorb the work required to establish a grant process and distribute the grants.

### **Local Government Impact**

Local governments may benefit from HB06-1322; \$3 million of the grant money is available to renewable energy or energy efficiency measures for public schools, public hospitals, county and municipal governments, and other public entities. Any recipients of the grants would not only benefit from the grant money, but also from the savings associated with the energy efficiency programs they develop.

### **State Appropriations**

This fiscal note implies an appropriation of \$6,000,000 cash funds exempt from the Clean Energy Development Fund to the Office of the Governor for both FY 2005-06 and FY 2006-07.

### **Departments Contacted**

Governor's Office Revenue	Natural Resources	State Treasurer	Local Affairs
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