

---

**JOINT BUDGET COMMITTEE BILL**

---

**SUMMARY OF H.B. 13-1185:**

**CONCERNING TRANSFERS MADE FROM THE OPERATIONAL ACCOUNT OF THE SEVERANCE TAX TRUST FUND FOR PROVIDING ENERGY-RELATED ASSISTANCE TO LOW-INCOME HOUSEHOLDS, AND, IN CONNECTION THEREWITH, ELIMINATING THE PAYMENT SCHEDULE FOR EACH FUND AND EQUALIZING DISTRIBUTIONS FOR THE 2012-13 STATE FISCAL YEAR.**

Prime Sponsors: Representatives Gerou and Duran and Senator Steadman

**Bill Summary**

The bill: (1) changes the timing of the distribution of severance tax funds to low-income energy assistance (LEAP) programs to align with other programs funded through tier 2 of the Operational Account of the Severance Tax Trust Fund (Operational Account); and (2) directs the State Treasurer to ensure that the three LEAP programs absorb the same proportional reduction in FY 2012-13.

The Operational Account provides funding to three LEAP-related programs: (1) weatherization programs in the Colorado Energy Office; (2) heating bill assistance through the Department of Human Services; and (3) cooling bill assistance through Energy Outreach Colorado. Under current law, each program receives one disbursement of funds each year (weatherization on July 1, Human Services on January 4, and Energy Outreach Colorado on April 1). Every other program supported through tier 2 of the Operational Account receives three disbursements per year.

If mid-year projections indicate that there will be insufficient funds in the Operational Account to support all statutorily authorized expenditures (as is the case in FY 2012-13), then statute forces proportional reductions to all Tier 2 programs to fit the most recent Legislative Council Staff revenue projections. The current structure, with a single disbursement per year to each LEAP program, has created inequities among the three programs. This bill seeks to eliminate that inequity among the three LEAP programs by ensuring that the three programs absorb the same proportional reduction in the current year. By changing to three distributions per year for each program (starting in FY 2013-14), the bill would eliminate this source of inequity in future years.

## JOINT BUDGET COMMITTEE BILL

The following table shows each LEAP-related program's statutory authorization for FY 2012-13 and the anticipated (or actual) reduction to each program (based on the December 2012 Legislative Council Staff Revenue Forecast) under current law and under the bill's provisions.

| FY 2012-13 Proportional Reductions to LEAP Programs |                             |                        |                         |                        |                         |
|---|-----------------------------|------------------------|-------------------------|------------------------|-------------------------|
|   | FY 2012-13<br>Authorization | Current Law            |                         | H.B. 13-1185           |                         |
|   |                             | FY 2012-13<br>Estimate | Percentage<br>Reduction | FY 2012-13<br>Estimate | Percentage<br>Reduction |
| C.E.O. Weatherization                               | \$6,500,000                 | \$2,339,151            | -64.0%                  | \$4,685,993            | -27.9%                  |
| D.H.S. Heating Bill Assistance                      | 3,250,000                   | 2,347,364              | -27.8%                  | 2,347,364              | -27.8%                  |
| E.O.C. Cooling Bill Assistance                      | <u>3,250,000</u>            | <u>3,250,000</u>       | <u>0.0%</u>             | <u>2,342,996</u>       | <u>-27.9%</u>           |
| Total Tier 2 LEAP Funding                           | \$13,000,000                | \$7,936,515            | -38.9%                  | \$9,376,353            | -27.9%                  |

### Fiscal Impact

Because the bill impacts statutory transfers from the Operational Account of the Severance Tax Trust Fund rather than appropriations, the bill does not require any adjustments to appropriations. As shown in the table above, based on the December 2012 Legislative Council Staff Revenue Forecast, for FY 2012-13, the bill will result in a transfer of an additional \$2.4 million to the Colorado Energy Office weatherization program, will not affect the Department of Human Services heating bill assistance program, and will *reduce* the transfer to Energy Outreach Colorado for cooling bill assistance by \$0.9 million. Please note that the Treasurer will base the April 1 disbursement to each Tier 2 program (including the LEAP programs) on the March 2013 Legislative Council Staff Revenue Forecast, so the final amounts distributed to each program may change with or without this bill.