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MEMORANDUM

March 15, 2007

TO: Members of the Senate Select Committee on Renewable Energy

FROM: David Beaujon, Research Associate II, 303-866-4781

SUBJECT: Renewable Energy Legislation in 2006

This memorandum summarizes the provisions of five House bills, two Senate bills, and one Senate Concurrent Resolution introduced in the 2006 legislative session concerning renewable energy. Four of these bills were signed by the Governor, one became law without the Governor's signature, two were vetoed, and one resolution was deemed postponed indefinitely. For each bill and resolution, the attached table identifies their sponsor(s), status, and major provisions. It also identifies which department(s) of state government will be financially affected by the bill or resolution.

**Table 1
Summary of 2006 Renewable Energy Legislation**

Bill No. / Short Title/ Sponsor (s) / Status	Bill Summary	Department's with Expenditure Impact	Total FY 2006-07 Expenditure Impact
<p>HB 06-1200</p> <p>Low-Income Energy Assistance Funding</p> <p><i>Rep. Buescher</i> <i>Sen. Kester</i></p> <p>Signed by the Governor</p>	<p>This law transfers a portion of the Operational Account of the Severance Tax Trust Fund and appropriates these moneys for the Low-Income Energy Assistance Program (LEAP) and for home energy efficiency improvements for low-income households including providing cost-effective renewable energy measures.</p>	<p>Department of Human Services - LEAP Program</p> <p>Governor's Office of Energy Conservation and Management</p>	<p>The law appropriated \$11 million from the Severance Tax Trust Fund for FY 2006-07, including \$5.95 million for LEAP and \$5.05 million for home energy assistance.</p>
<p>HB 06-1322</p> <p>Clean Energy Development Seed Money</p> <p><i>Rep. Buescher</i> <i>Sen. Tapia</i></p> <p>Signed by the Governor</p>	<p>This law funds existing and new renewable energy programs. Provided that sufficient funds exist, moneys from the Operational Account of the Severance Tax Trust Fund are appropriated to the following three entities:</p> <ul style="list-style-type: none"> • the Colorado Renewable Energy Authority is created and appropriated \$2,000,000 to support the development of renewable energy technologies; • the Department of Agriculture's Colorado Agricultural Value-Added Development Board is appropriated \$500,000 to support agricultural energy related projects and research; and • the Department of Public Health and Environment is appropriated \$135,000 to fund studies related to greenhouse gas emission reduction including: <ul style="list-style-type: none"> • \$50,000 grant to Colorado State University to study the potential of terrestrial carbon sequestration for mitigating greenhouse gas emissions; • \$50,000 grant to the Colorado School of Mines to study the potential of geologic carbon sequestration for mitigating greenhouse gas emissions; and • \$35,000 grant to a public university to study emerging international and domestic markets in greenhouse gas emissions and private firms in various economic sectors that are reducing greenhouse gas emissions. 	<p>Colorado Renewable Energy Authority</p> <p>Department of Agriculture's Colorado Agricultural Value-Added Development Board</p> <p>Department of Public Health and Environment</p>	<p>The law appropriated \$2,635,000 from the Operational Account of the Severance Tax Trust Fund to the Colorado Renewable Energy Authority (\$2,000,000), the Department of Public Health and Environment (\$135,000), and the Department of Agriculture (\$500,000).</p>

**Table 1
Summary of 2006 Renewable Energy Legislation (Cont.)**

Bill No. / Short Title/ Sponsor (s) / Status	Bill Summary	Department's with Expenditure Impact	Total FY 2006-07 Expenditure Impact
<p>HB 06-1325</p> <p>Electric Transmission Facilities Study</p> <p><i>Rep. McFadyen</i> <i>Sen. Takis</i></p> <p>Signed by the Governor</p>	<p>This law creates a task force to make recommendations by November 1, 2006, to the Governor and the General Assembly regarding Colorado's electric transmission infrastructure. The task force must consider:</p> <ul style="list-style-type: none"> • the current and projected demand for electricity through 2020; • an inventory of the electric transmission structure serving Colorado, and an evaluation of its ability to handle current and projected demand; • additions or improvements to the transmission system that will be required to meet projected demand; • the transmission needs related to implementation of Amendment 37; • the decision-making process for routing transmission lines; • the financial resources and time required to build or improve transmission infrastructure in order to meet projected demand; • the existing and anticipated future impediments to improving Colorado's transmission infrastructure; • possible policy choices to ensure that Colorado will have a reliable electric grid and a reasonably priced electricity supply; and • additional transmission issues, including siting and permitting, enhancing interconnection with other states, multi-state planning, project financing and cost recovery, accommodating renewable resources, eminent domain, and revenue sharing among jurisdictions along transmission corridors. <p>The 15-member task force consists of:</p> <ul style="list-style-type: none"> • the Director of the Public Utilities Commission; • six appointments by the Governor; • two appointments by the Speaker of the House of Representatives; • two appointments by the President of the Senate; • the Executive Director of the Colorado Municipal League; • the Executive Director of Colorado Counties, Inc.; • the Executive Director of the Colorado Association of Municipal Utilities; and • one member appointed by mutual agreement of the Governor, the Speaker, and the President. 	<p>Public Utilities Commission in the Department of Regulatory Agencies</p>	<p>The law appropriated \$44,600 in FY 2006-07 from gifts, grants and donations — if available — to support the task force.</p>

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Bill No. / Short Title/ Sponsor (s) / Status	Bill Summary	Department's with Expenditure Impact	Total FY 2006-07 Expenditure Impact
<p>SB 06-03</p> <p>Use of Bio-fuels in State Buildings</p> <p><i>Sen. Kester</i> <i>Rep. Rose</i></p> <p>Signed by the Governor</p>	<p>The law requires that life-cycle cost analysis for state facilities include the use of biofuels to provide heating and power for the facility including any stranded utility costs. Biofuels include nontoxic plant matter consisting of agricultural or forest products, wood waste, mill residue, slash, or brush.</p>	<p>Any department that analyzes heating and power for its facilities.</p>	<p>No appropriation was needed to implement the bill.</p>
<p>HB 06-1275</p> <p>Actual Value of Wind Energy Facilities</p> <p><i>Rep. McKinley</i> <i>Sen. Brophy</i></p> <p>Became law without the Governor's signature</p>	<p>This law requires that the income approach be used to determine the actual value of new wind energy property. It specifies that the actual value of a wind property is equal to a tax factor times the selling price at the point of delivery to the purchaser. The tax factor is determined annually by the tax administrator to generate similar tax revenue over a 20-year period that would have been collected using the cost basis method of taxation. The law states that the value for personal property used in wind energy property shall be assigned only when the personal property is first put into use by the facility. It also provides that no more than 5 percent of the installed cost for personal property be assessed in the event that the property is taken out of service and no wind energy is produced for the preceding year.</p>	<p>None</p>	<p>No appropriation was needed to implement the bill.</p>
<p>HB 06-1317</p> <p>State Energy Planning</p> <p><i>Rep. Madden</i> <i>Sen. Fitz-Gerald</i></p> <p>Vetoed by the Governor</p>	<p>House Bill 06-1317 would have required the Colorado Research Energy Institute within the Colorado School of Mines, and the Energy and Environmental Security Initiative within the University of Colorado School of Law, to annually prepare a Colorado energy profile that included statistics, data, and policy neutral analysis concerning Colorado's current and projected future energy resources. The report was to include information on energy supply, production, generation, transmission, distribution, and consumption.</p>	<p>Department of Higher Education</p>	<p>The act appropriated \$316,000 from Operational Account of the Severance Tax Trust Fund in FY 2006-07 to the Department of Higher Education.</p>

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Summary of 2006 Renewable Energy Legislation (Cont.)**

Bill No. / Short Title/ Sponsor (s) / Status	Bill Summary	Department's with Expenditure Impact	Total FY 2006-07 Expenditure Impact
<p>SB 06-138</p> <p>Ethanol in Gasoline</p> <p><i>Sen. Shaffer</i> <i>Rep. Gardner</i></p> <p>Vetoed by the Governor</p>	<p>Senate Bill 06-138 would have required 75 percent of the gasoline sold between November and April to contain at least 10 percent ethanol by volume. To determine compliance, every gallon of E85 fuel would count as eight and one-half gallons of E10 and every gallon of cellulosic ethanol would count as five gallons of E10 fuel. Entities required to file gasoline excise tax forms with the Internal Revenue Service would also file a monthly statement with the Department of Labor and Employment listing separately the amount of E10, E85, and cellulosic fuel sold. Gasoline retailers are required to label gasoline pumps that dispense ethanol gasoline. The requirement would be implemented on an annual basis if the department certifies to the Speaker of the House, President of the Senate, and Governor by October 15 of each year that these ethanol-content requirements will not increase the cost of gasoline sold during the subsequent period beginning in November and ending in April.</p>	<p>Division of Oil and Public Safety in the Department of Labor and Employment</p> <p>Department of Law</p>	<p>The act appropriated \$100,491 from the General Fund transfer to the Department of Labor and Employment and the Department of Law for FY 2006-07.</p>

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Summary of 2006 Renewable Energy Legislation (Cont.)**

Bill No. / Short Title/ Sponsor (s) / Status	Bill Summary	Department's with Expenditure Impact	Total FY 2006-07 Expenditure Impact
<p>SCR 06-007</p> <p>Promote Hydrogen as a Motor Vehicle Fuel</p> <p><i>Sen. Evans</i> <i>Rep. Pommer</i></p> <p>Deemed postponed indefinitely</p>	<p>Senate Concurrent Resolution 06-007 sought to submit a constitutional amendment to the voters at the November 2006 general election. For the first 10 years beginning January 1, 2011, it would have:</p> <ul style="list-style-type: none"> • exempted from property taxation, all personal property used to produce and dispense hydrogen to the public for use as a motor vehicle fuel; and • exempted from the specific-ownership tax, all hydrogen-powered vehicles. <p>Additionally, the resolution directed the Division of Oil and Public Safety, Department of Labor and Employment; the Air Quality Control Commission, Department of Public Health and Environment; and other state agencies to cooperate with the private and non-governmental sectors to establish hydrogen fueling stations in the state as demonstration projects. It also directed the Department of Personnel to lease or purchase hydrogen-powered vehicles for the state motor vehicle fleet using moneys appropriated by the General Assembly. Finally, the resolution:</p> <ul style="list-style-type: none"> • required demonstration projects involving fueling stations and the leasing or purchasing of vehicles to be selected through a competitive public bidding process; • directed the Division of Oil and Public Safety to set specifications for hydrogen fuels until national standards are adopted; • required agencies implementing the projects to report their progress to the General Assembly; and • required the General Assembly to enact laws and appropriate sufficient moneys to fund the state's development of hydrogen fuel. 	<p>Division of Oil and Public Safety in the Department of Labor and Employment</p> <p>Air Quality Control Commission in the Department of Public Health and Environment</p> <p>Department of Personnel</p>	<p>No appropriations was required for FY 2006-07 to place this resolution on the general election ballot.</p>