

  
 Colorado *Legislative Council Staff Fiscal Note*  
**STATE**  
**REVISED FISCAL IMPACT**  
 (replaces fiscal note dated April 18, 2007)

<b>Drafting Number:</b> LLS 07-0934	<b>Date:</b> April 27, 2007
<b>Prime Sponsor(s):</b> Sen. Fitz-Gerald Rep. Buescher	<b>Bill Status:</b> House Transportation & Energy <b>Fiscal Analyst:</b> Marc Carey (303-866-4102)

**TITLE:** CONCERNING THE CREATION OF A CLEAN ENERGY FUND FOR THE PURPOSE OF ADVANCING ENERGY EFFICIENCY AND RENEWABLE ENERGY THROUGHOUT THE STATE.

Fiscal Impact Summary	FY 2006-2007	FY 2007-2008	FY 2008-2009
<b>State Revenue</b>	\$0	\$0	\$0
<b>Transfers or Diversions</b>			
Cash Funds Exempt - Transfers from:			
Limited Gaming Fund to General Fund	(\$7,000,000)	(\$23,839,000)*	(\$25,360,000)*
Limited Gaming Fund to Clean Energy Fund	7,000,000	23,839,000*	25,360,000*
<b>State Expenditures</b>			
General Fund			
Cash Funds Exempt - Clean Energy Fund		\$7,000,000	\$23,839,000*
<b>FTE Position Change</b>	0.0 FTE	4.0 FTE	4.0 FTE
<b>Effective Date:</b> Upon signature of the Governor.			
<b>Appropriation Summary for FY 2007-2008:</b> See State Appropriations section.			
<b>Local Government Impact:</b> None			

\* *These totals may be further reduced due to current pending legislation (SB07-239, HB07-1060, HB07-1206). Please see the State Expenditures section for a more complete description.*

**Summary of Legislation**

This reengrossed bill creates the Clean Energy Fund in the State Treasury, and requires moneys in the Limited Gaming Fund that, under current law, are transferred at the end of each fiscal year to the General Fund, to be transferred to the Clean Energy Fund instead. The Clean Energy Fund will also consist of any unexpended money's that were allocated to the Governor's Office of Energy Management and Conservation (OEMC) to provide home energy efficiency improvements for low-income households.

The bill specifies that all moneys in the Clean Energy Fund are *continuously appropriated* to the OEMC for the purpose of advancing energy efficiency and renewable energy throughout the state. Specifically, moneys in the fund may be expended to:

- attract renewable energy investment in the state;
- assist in technology transfer of newly developed energy efficiency and renewable energy technologies;
- provide market incentives for the purchase and distribution of energy efficient and renewable energy products;
- assist in the implementation of energy efficiency projects throughout the state;
- aid governmental agencies in greening government initiatives;
- facilitate widespread implementation of renewable energy technologies; and
- generally advance energy efficiency and renewable energy throughout the state.

**State Expenditures**

The bill requires that, at the end of FY 2006-07, \$7 million that would normally be transferred from the Limited Gaming Fund to the General Fund be transferred instead to the newly created Clean Energy Fund. At the end of FY 2007-08 and each year thereafter, any money that would be transferred from the Limited Gaming Fund to the General Fund under current law would instead be transferred to the Clean Energy Fund. Table 1 presents estimates of the amount that would be transferred to the Clean Energy Fund at the end of the current fiscal year and over the next 2 fiscal years, assuming that no other bills that divert Limited Gaming Fund moneys from the General Fund are adopted. Moneys would be available for expenditure in the following fiscal year.

<b>Table 1. Amount Transferred to the Clean Energy Fund Under SB07 - 246</b>	
<b>Fiscal Year</b>	<b>Amount Transferred to the Clean Energy Fund</b>
FY 2006-07	\$7,000,000
FY 2007-08	\$23,839,000
FY 2008-09	\$25,360,000
<b>THREE-YEAR TOTAL</b>	<b>\$56,199,000</b>

It should be noted that the money that goes to the Clean Energy Fund is determined after money has been allocated to the State Highway Fund. In FY 2006-07, this amount was \$5,259,411. SB07-239, the annual Long Bill, allocates \$14,292,000 for this purpose. Thus, the amount that will actually be transferred to the Clean Energy Fund is \$9,547,000. In addition, HB07-1060 transfers \$2.5 million from the Limited Gaming Fund to fund renewable fuels research grants. HB07-1206 transfers an additional \$100,000 from the Limited Gaming Fund to the Film Incentives Cash Fund. Should these bills pass, the amount transferred to the Clean Energy Fund would be further reduced.

**Governor's Office of Energy Management and Conservation (OEMC).** The office will incur administrative expenses in the amount of \$248,487 and 4.0 FTE in FY 2007-08 and \$236,467 and 4.0 FTE in FY 2008-09. Table 2 details these expenses based on the following assumptions:

- 1.0 FTE at the General Professional IV level will be hired for program development. Duties will include strategic planning, outreach, assessing emerging markets and establishing funding priorities;
- 2.0 FTE at the General Professional IV level will be hired for management of grants. Duties will include drafting and negotiating work scopes, contract execution and expenditure and performance reviews;
- 1.0 FTE at the General Professional IV level will be hired for economic development. Duties will include identifying financial opportunities for leveraging state funding with other governmental and private sources; advisory committee recruitment and management, and identification of emerging industries.

<b>Table 2. OEMC Expenditures Under SB07-246*</b>		
<b>Cost Components</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>
Personal Services	\$234,403	\$234,467
FTE	4.0	4.0
Operating Expenses	\$2,000	\$2,000
Capital Outlay (one-time cost)	\$12,020	\$0
<b>TOTAL</b>	<b>\$248,487</b>	<b>\$236,467</b>

\* These costs will be covered by the money transferred to the Clean Energy Fund that is continuously appropriated to the OEMC.

**Other State Impacts**

Based on the March 2007 Legislative Council Staff revenue forecast, there is enough revenue to fully fund the diversion to the Highway Users Tax Fund (HUTF) under the provisions of SB 97-1 for the next five fiscal years and have additional revenue flow into the General Fund excess reserve. Under the provisions of HB02-1310, revenue in the General Fund excess reserve is diverted two-thirds to the HUTF and one-third to capital construction. The revenue reduction resulting from this bill would reduce the amount of money available for diversion to the HUTF and to capital construction. This bill reduces General Fund revenue, thereby reducing the amount available for those transfers by \$4,666,667 for the HUTF and \$2,333,333 for capital construction in the first year and \$15,892,667 for the HUTF and \$7,946,333 for capital construction in the second year.

**State Appropriations**

This bill continuously appropriates money to the Governor's Office of Energy Management and Conservation from the Clean Energy Fund. The office will also require authorization for 4.0 FTE beginning in FY 2007-08.

**Departments Contacted**

Governor's Office

Revenue

Treasury