



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 25-037: COAL TRANSITION GRANTS

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**Prime Sponsors:**

Sen. Roberts; Kirkmeyer  
Rep. Taggart; Mauro

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**Fiscal note status:** The fiscal note reflects the introduced bill.

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### Summary Information

**Overview.** The bill specifies how the Department of Local Affairs prioritizes grants to local governments and expands grant eligibility for communities affected by coal facility closures.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- Local Government

**Appropriations.** For FY 2025-26, the bill requires a reappropriation of \$64,679 to the Department of Local Affairs.

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**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$85,940	\$98,253
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.8 FTE	1.0 FTE

**Table 1A  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Cash Funds	\$64,679	\$72,511
Federal Funds	\$0	\$0
Centrally Appropriated	\$21,261	\$25,742
<b>Total Expenditures</b>	<b>\$85,940</b>	<b>\$98,253</b>
<b>Total FTE</b>	<b>0.8 FTE</b>	<b>1.0 FTE</b>

## Summary of Legislation

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The bill allows the Just Transition Office in the Department of Labor and Employment (CDLE) to coordinate with councils of government, employee associations, and economic development councils to implement projects in coal transition communities.

The bill exempts funds received from a payment or settlement to offset community impacts from the closure of a coal mine or coal power plant from the state's investment restrictions.

Under current law, the Department of Local Affairs (DOLA) allocates some severance tax revenues to local governments for purposes related to the impacts of mining and energy generation. The bill specifies how the department should prioritize allocating those funds, caps the amount that may be spent on each priority, and adds communities impacted by the closure of coal mines or coal-fired power plants as a beneficiary.

First, funds must be used to compensate local governments for property tax losses, including for the losses from the closure of coal-fired power plants, up to \$15 million. Second, funds must be awarded as grants to local governments impacted by mineral extraction for public facilities and public services, up to \$75 million. Any remaining funds must be distributed to local governments impacted by the closure of coal mines or coal-fired power plants, and for other uses permitted by current law.

## Background

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Severance tax is imposed on the production or extraction of metallic minerals, molybdenum, oil and gas, oil shale, and coal. Because it is mainly collected on income, the amount of tax revenue generated depends on the amount of resources extracted and prices. Therefore, severance tax revenue is highly volatile. It is mainly used to fund programs in DOLA and the Department of Natural Resources. The General Assembly's website has [more information on severance taxes](#).

## Assumptions

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The grant program that compensates local governments for property tax losses exists in current law, but is not operational. Although this bill only expands the scope of that program, the fiscal note assumes that the costs to administer the entire program, as identified below, are necessary to implement the bill.

## State Revenue

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If the bill's spending reprioritization results in a reduction in expenditures to the Uranium Mill Tailings Remedial Action Program, it could also result in a loss of federal matching funds for that same purpose. See the Department of Public Health and Environment section under State Expenditures below for more details.

## State Expenditures

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The bill increases state expenditures in DOLA by about \$90,000 in FY 2025-26 and about \$100,000 in FY 2026-27. These costs, paid from the Local Government Severance Tax Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in CDLE, and may impact expenditures in the Department of Public Health and Environment.

**Table 2**  
**State Expenditures**  
**Department of Local Affairs**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	\$52,205	\$65,256
Operating Expenses	\$1,024	\$1,280
Capital Outlay Costs	\$6,670	\$0
Travel Costs	\$4,780	\$5,975
Centrally Appropriated Costs	\$21,261	\$25,742
<b>Total Costs</b>	<b>\$85,940</b>	<b>\$98,253</b>
<b>Total FTE</b>	<b>0.8 FTE</b>	<b>1.0 FTE</b>

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DOLA requires 1.0 FTE to establish the property tax compensation grant program, including creating application materials, soliciting and reviewing proposals, and disbursing grant awards. In addition to standard operating and capital outlay costs, the position requires travel reimbursements for grant monitoring. Costs are prorated for the bill's effective date.

## **Department of Labor and Employment**

Workload may increase in the Just Transition Office to coordinate with stakeholders, which can be accomplished within existing appropriations.

## **Department of Public Health and Environment**

Currently, the department receives a reappropriation from the Local Government Severance Tax Fund for its Uranium Mill Tailings Remedial Action Program. By requiring DOLA to prioritize other uses for the fund, this program may see a reduction in funding when severance tax collections are low. This may require a reduction in expenditures or General Fund support, and will be addressed as necessary through the annual budget process.

## **Centrally Appropriated Costs**

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table above.

## **Local Government**

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Municipalities and counties are primary recipients of DOLA's grants, and the overall availability of funds is unchanged. By reprioritizing how DOLA must spend its severance tax revenue, the bill may affect which local government projects are funded within existing funding levels.

## **Effective Date**

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State Appropriations**

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For FY 2025-26, the bill requires a reappropriation of \$64,679 from the Local Government Severance Tax Fund to the Department of Local Affairs, and 0.8 FTE.

## **State and Local Government Contacts**

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Labor

Public Health and Environment

Local Affairs