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**FINAL
FISCAL NOTE**

Drafting Number:	LLS 18-0977	Date:	August 3, 2018
Prime Sponsors:	Rep. Winter; Pettersen Sen. Donovan	Bill Status:	Postponed Indefinitely
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Bill Topic: CLIMATE CHANGE PREPAREDNESS & RESILIENCY

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill would have set greenhouse gas emission reduction goals. It would have also charged the Colorado Resiliency and Recovery Office in the Department of Local Affairs to assess costs and state resiliency related to climate change. The bill would have increased ongoing state expenditures.

Appropriation Summary: For FY 2018-19, the bill requires a General Fund appropriation of \$432,345 to the Department of Local Affairs.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 18-1297**

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	General Fund	\$432,345	\$154,005
	Centrally Appropriated	\$24,757	\$31,026
	Total	\$457,102	\$185,031
	Total FTE	1.6 FTE	2.0 FTE
Transfers		-	-

Summary of Legislation

This bill sets greenhouse gas emission reduction goals, codifies the Colorado Resiliency and Recovery Office (CRRO) in the Department of Local Affairs (DOLA), and identifies specific duties for the CRRO.

Greenhouse gas emission reduction goals. Under the bill, greenhouse gas emissions should be reduced by 26 percent by 2025 compared with 2005 levels; and carbon dioxide emissions from electrical generation should be reduced by 25 percent by 2025, and 30 percent by 2030.

Colorado Resiliency and Recovery Office. The bill requires the CRRO, on an ongoing basis, to:

- collect and analyze data to calculate the economic costs of climate change and the economic and environmental impacts of not addressing climate change;
- develop, in consultation with institutions of higher education, the private sector, and other state and federal agencies, a model to estimate the future impacts of climate change on Colorado;
- analyze the results of modeling on regional and Colorado-specific climatic conditions currently and the expected future conditions under a variety of climate change scenarios;
- update the Colorado resiliency framework; and
- develop tools and resources to support locally-led climate resilience initiatives.

Background

Executive Order D 2017-015. Greenhouse gases refer to a number of compounds, such as carbon dioxide, methane, and chlorofluorocarbons, that trap heat in the atmosphere, creating the greenhouse effect. Governor Hickenlooper issued Executive Order D 2017-015, which included the following statewide goals:

- reduce greenhouse gas emissions by more than 26 percent by 2025, as compared to 2005 levels;
- reduce carbon dioxide emissions from the electricity sector by 25 percent by 2025, as compared to 2012 levels; and
- reduce carbon dioxide emissions from the electricity sector by 35 percent by 2030, as compared to 2012 levels.

Colorado Resiliency and Recovery Office. The CRRO was created by the Governor following the 2013 floods. The office is currently grant funded through June 30, 2019, and has a staff of four. The CRRO works with federal, state and local partners, individuals, groups, and community members to support disaster recovery and resiliency efforts in Colorado.

Colorado Climate Plan. The most recent plan, released January 31, 2018, was developed collaboratively by a number of state agencies and stakeholders. The state agencies include the Department of Natural Resources, the Department of Public Health and Environment, the Colorado Energy Office, the Colorado Department of Transportation, the Colorado Department of Agriculture, the Office of Economic Development and International Trade, and DOLA. The plan includes strategies and recommendations for reducing greenhouse gas emissions in all sectors of the economy.

State Expenditures

This bill will increase General Fund expenditures by \$457,102 and 1.6 FTE in FY 2018-19 and \$185,031 and 2.0 FTE in FY 2019-20 for the CRRO in DOLA. This bill will also increase workload and expenditures for state agencies beginning in FY 2018-19 to address the greenhouse gas reduction goals. These costs are shown in Table 2 and explained below.

Table 2
Expenditures Under HB 18-1297

	FY 2018-19	FY 2019-20
Department of Local Affairs		
Personal Services	\$119,184	\$149,870
Operating Expenses and Capital Outlay Costs	\$10,926	\$1,900
Postage and Document Management	\$1,500	\$1,500
Contract Services	\$300,000	
Travel	\$735	\$735
Centrally Appropriated Costs*	\$24,757	\$31,026
FTE – Personal Services	1.6 FTE	1.7 FTE
Total Cost	\$457,102	\$185,031
Total FTE	1.6 FTE	1.7 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Local Affairs. The CRRO will add a program manager and a physical scientist/researcher to implement the requirements of the bill. The program manager will update the resiliency framework to include stakeholder engagement; develop tools and resources to support locally-led climate resilience initiatives; and manage interagency resilience activities. The scientist/researcher will collect and analyze data to determine the impact of climate change in Colorado, develop and manage a climate change model, and analyze the results of modeling on regional and Colorado-specific climatic conditions.

The CRRO will have costs of \$300,000 in FY 2018-19 and every other year thereafter to create and adjust models for analyzing the economic impacts of climate change, update the Colorado resiliency framework, and develop appropriate tools to support local climate resilience initiatives. In addition to standard operating expenses and capital outlay costs, the CRRO will have annual costs of \$1,500 for postage and document management to develop and distribute printed materials to local governments, and \$735 in travel expenses for stakeholder meetings and training.

Other state agencies. The fiscal note assumes that the agencies that developed the climate plan will continue to work together with stakeholders to develop strategies to accomplish the emission reduction goals. To implement those strategies, as well as to develop better tools for measuring emissions, the affected agencies are expected to request funding 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 include employee insurance and supplemental employee retirement payments, are estimated to be \$24,757 in FY 2018-19 and \$31,026 in FY 2019-20.

Local Government

Local governments that utilize the tools and resources provided by the CRRO may see savings in planning costs for developing resilience, managing climate-related issues, and mitigating damages from natural disasters.

Technical Note

While the bill has a goal to reduce carbon dioxide emissions from electrical generation by 30 percent by 2030, the goal in the Governor's Executive Order is 35 percent by 2030.

Effective Date

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on May 1, 2018.

State Appropriations

For FY 2018-19, the bill requires a General Fund appropriation of \$432,345 to the Department of Local Affairs and an allocation of 1.6 FTE.

State and Local Government Contacts

All State Agencies