



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 23-0784
Prime Sponsors: Rep. Dickson
Sen. Hansen

Date: February 20, 2023
Bill Status: House Energy and Environment
Fiscal Analyst: Matt Bishop | 303-866-4796
matt.bishop@coleg.gov

Bill Topic: CARBON MANAGEMENT

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill directs the Colorado Energy Office to contract with an organization to develop a carbon management roadmap. It increases state expenditures from FY 2023-24 to FY 2026-27.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$135,533 to the Colorado Energy Office.

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

Table 1
State Fiscal Impacts Under HB 23-1210

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	General Fund	\$135,533	\$139,159
	Centrally Appropriated	\$7,110	\$9,112
	Total Expenditures	\$142,643	\$148,271
	Total FTE	0.4 FTE	0.5 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$20,330	\$20,874

Summary of Legislation

The bill directs the Colorado Energy Office to contract with a qualified organization to develop a carbon management roadmap. Carbon management is any combination of capturing carbon dioxide emissions before they reach the atmosphere or removing carbon dioxide from the atmosphere for use or storage. The bill specifies guidelines for the roadmap, including sectors to study and stakeholders to consult.

The CEO must enter into a contract for developing the roadmap by January 1, 2024, and this organization must create the roadmap and submit it to CEO for feedback by September 1, 2024. After receiving public feedback, the contractor must finalize the roadmap by February 28, 2025, and CEO must present it to the legislature during the 2025 legislative session. During the subsequent two years, CEO must update the legislature on any progress made in achieving the roadmap's goals and any recommendations to improve its implementation.

In addition, the bill expands the eligibility criteria of CEO's Industrial and Manufacturing Operations Clean Air Grants Program to include some types of carbon management projects.

State Expenditures

The bill increases state expenditures in CEO by \$142,643 in FY 2023-24 and \$148,271 in FY 2024-25, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1210

	FY 2023-24	FY 2024-25
Colorado Energy Office		
Personal Services	\$28,863	\$38,484
Operating Expenses	-	\$675
Capital Outlay Costs	\$6,670	-
Roadmap Contract	\$100,000	\$100,000
Centrally Appropriated Costs ¹	\$7,110	\$9,112
Total Cost	\$142,643	\$148,271
Total FTE	0.4 FTE	0.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Colorado Energy Office. Administering the contract with the qualified organization and fulfilling the bill's reporting requirements requires 0.5 FTE in FY 2023-24 and FY 2024-25. Standard operating and capital outlay costs are included, and account for the General Fund pay date shift and the bill's effective date. The cost of the contract is estimated at \$200,000, with costs occurring over two fiscal years.

Other state agencies. The bill requires the contractor to consult stakeholders when creating the roadmap, some of which are state entities. Workload will minimally increase in these agencies in FY 2024-25, and no change in appropriations is required.

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 shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Effective Date

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

State Appropriations

For FY 2023-24, the bill requires an appropriation of \$135,533 from the General Fund to the Colorado Energy Office, and 0.4 FTE.

State and Local Government Contacts

Agriculture
Labor
Personnel

Colorado Energy Office
Legislative Council Staff
Public Health and Environment

Economic Development
Natural Resources
Transportation