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Fiscal Note

Drafting Number:	LLS 24-1096	Date:	April 22, 2024
Prime Sponsors:	Sen. Priola; Winter F. Rep. Mauro; Rutinel	Bill Status:	Senate Finance
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Bill Topic: **CDLE REGULATION ELECTRICITY FOR ELECTRIC VEHICLES**

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

The bill creates the Electric Vehicle Enterprise in the Department of Labor and Employment to synchronize electric vehicle charging protocols, and allows the enterprise to administer a fee on electric vehicle charging retailers. It increases state expenditures beginning in FY 2024-25 and state revenue beginning in FY 2025-26.

Appropriation Summary: No appropriation is required as the Electric Vehicle Enterprise Special Revenue Fund is continuously appropriated to the Department of Labor and Employment.

Fiscal Note Status: The fiscal note reflects the introduced bill. Due to time constraints, this analysis is preliminary and will be updated following further review and any additional information received.

Table 1
State Fiscal Impacts Under SB 24-208

		Budget Year FY 2024-25	Out Year FY 2025-26	Out Year FY 2026-27
Revenue	Enterprise Cash Fund	-	\$688,500	\$688,500
	Total Revenue	-	\$688,500	\$688,500
Expenditures	Enterprise Cash Fund	\$313,831	\$401,309	\$401,309
	Centrally Appropriated	\$40,530	\$74,738	\$74,738
	Total Expenditures	\$354,361	\$476,047	\$476,047
	Total FTE	2.4 FTE	4.3 FTE	4.3 FTE
Transfers¹	General Fund	(\$354,361)	(\$160,000)	\$197,819
	Enterprise Cash Fund	\$354,361	\$160,000	(\$197,819)
	Net Transfer	\$0	\$0	\$0
Other Budget Impacts		-	-	-

¹ The bill transfers money in FY 2024-25 and FY 2025-26 from the General Fund to the enterprise to support the enterprise before fee collection begins. This transfer is a loan that must be repaid to the General Fund by FY 2028-29. It is assumed this repayment will occur evenly over three years from FY 2026-27 to FY 2028-29. As outlined in the Technical Note section, the amount transferred by the bill in FY 2024-25 (\$264,000) is less than the enterprise's estimated expenditures (\$354,361). The fiscal note assumes the full amount required will be transferred.

Summary of Legislation

The bill creates the Electric Vehicle Enterprise in the Department of Labor and Employment (CDLE) to synchronize electric vehicle charging protocols. By July 1, 2025, the enterprise must establish minimum standards related to specifications and tolerances for retail electric vehicle charging equipment and methods of retail sale at publicly accessible electric vehicle charging stations. The enterprise board consists of five members: a representative from the Division of Oil and Safety in the CDLE, a representative from the Colorado Energy Office, and three representatives from the electric vehicle community.

Beginning July 1, 2025, the enterprise may impose a fee on electric vehicle charging station retailers based on the total number of stations operated by the retailer and the total number of power supply devices used at each station. The bill also requires General Fund loans of \$264,000 for FY 2024-25 and \$160,000 for FY 2025-26 to be transferred to the Electric Vehicle Enterprise Special Revenue Fund. By December 31, 2028, the enterprise must repay both loans with accumulated interest.

State Revenue

The bill increases revenue in the CDLE by about \$688,500 beginning in FY 2025-26 until initial costs and loans are repaid by FY 2028-29, and then a lesser amount in future years. This revenue is deposited to the Electric Vehicle Enterprise Special Revenue Fund and is not subject to the state's revenue limit under TABOR in years when the program qualifies as a state enterprise under TABOR. Actual revenue may differ from these estimates based on the fee amounts set by the enterprise and the actual number of EV charging stations.

Fee impact. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the enterprise board based on cash fund balance, program costs, and the number retailers subject to the fee. As of writing, there are 5,208 charging ports and 2,149 stations in the state. It is assumed two-thirds of these ports are retailer-owned and will be assessed an inspection fee under the bill.

Table 2
Fee Impact Under SB 24-208¹

Fiscal Year	Type of Fee	Proposed Fee	Number of Ports	Total Fee Impact
FY 2025-26	EV Retailer Fee	\$200	3,437	\$688,500
FY 2026-27	EV Retailer Fee	\$200	3,437	\$688,500

¹ The fiscal note assumes the fee will be assessed by port on an annual basis; however, the actual fee structure will be created through CDLE rule. These fee impacts will be updated if additional information becomes available.

Voter approval of new state enterprises. Current law requires voter approval for a state enterprise with projected or actual revenue from fees and surcharges over \$100 million in its first five fiscal years. The new enterprise in this bill will begin operating in FY 2024-25. Through

FY 2027-28, the enterprise is projected to collect less than \$100 million in fees and not require voter approval.

State Transfers

As drafted, the bill transfers \$264,000 in FY 2024-25 and \$160,000 in FY 2025-26 from the General Fund to the Electric Vehicle Enterprise Special Revenue Fund. However, the fiscal note estimates that a transfer of \$354,361 is required in the first year (see Technical Note).

Corresponding transfers to the General Fund totaling about \$593,000 (\$514,361 plus accumulated interest at an assumed 4.5 percent interest rate based on 10-year United States Treasury Note) will be made through FY 2028-29 to repay the initial loans. Assuming repayment starts in FY 2026-27, about \$198,000 per year will be transferred from the enterprise fund to the General Fund for three years. Actual repayment amounts and timing may vary depending on decisions by the enterprise.

State Expenditures

The bill increases state cash fund expenditures by \$354,000 in FY 2024-25 and \$476,000 in FY 2025-26 and ongoing in the CDLE from the Electric Vehicle Enterprise Special Revenue Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
 Expenditures Under SB 24-208¹**

	FY 2024-25	FY 2025-26	FY 2026-27
Department of Labor and Employment			
Personal Services	\$170,184	\$297,902	\$297,902
Operating Expenses	\$2,688	\$5,120	\$5,120
Capital Outlay Costs	\$33,350	-	-
EV Charging Testing Equipment	\$50,000	-	-
Travel & Vehicle Lease Costs	-	\$40,678	\$40,678
Legal Services	\$57,609	\$57,609	\$57,609
Centrally Appropriated Costs ²	\$40,530	\$74,738	\$74,738
FTE – Personal Services	2.1 FTE	4.0 FTE	4.0 FTE
FTE – Legal Services	0.3 FTE	0.3 FTE	0.3 FTE
Total Cost	\$354,361	\$476,047	\$476,047
Total FTE	2.4 FTE	4.3 FTE	4.3 FTE

¹ Table 2 does not show loan repayments by the enterprise. These amounts are discussed in the State Transfers section above.
² Centrally appropriated costs are not included in the bill's appropriation.

Electric Vehicle Enterprise. The bill increases costs in the Electric Vehicle Enterprise in the CDLE starting in FY 2024-25. These costs are for staff to administer the enterprise and perform inspections on electric vehicle charging stations, as outlined below. Standard operating and capital outlay costs are included for all staff.

- **Enterprise administration and inspection staff.** The CDLE requires 1.5 FTE in beginning July 1, 2024, and an additional 2.5 FTE beginning April 1, 2025, to administer and support the enterprise. This includes:
 - 1.5 FTE of project management and assistant staff to begin work in July 2024 to establish policies and procedures for the electric vehicle charging station inspection program, provide support to the enterprise board, and perform other administrative functions to support the goals and mission of the enterprise;
 - 2.0 inspection staff to inspect publicly accessible electric vehicle charging stations to ensure they are meeting the standards set by the enterprise board. The fiscal note assumes inspection staff will inspect each charging station once every two years, and that each inspector can perform 3 to 4 inspections per day. A one-time cost of \$25,000 for testing equipment and supplies is included for each inspector, as well as \$10,000 for a vehicle lease, and \$10,000 for annual travel costs; and
 - 0.5 FTE of accountant staff for the enterprise will begin work starting in April 2025.
- **Legal services.** The CDLE requires 450 hours of legal services, which equates to 0.3 FTE, beginning FY 2024-25 to provide general counsel support on new rules and regulations, implementation and administration of the new fee, regulatory oversight, and any litigation as a result of the bill. Legal services are provided by the Department of Law at a rate of \$128.02 per hour.
- **Enterprise board.** The bill requires the CDLE to support the enterprise board. The fiscal note assumes this work will be accomplished by program staff. A representative of the Division of Oil and Public Safety will serve on the enterprise board within existing resources.

Colorado Energy Office. The bill requires a representative of the Colorado Energy Office to serve on the enterprise board. This workload increase is expected to be minimal and can be accomplished within existing resources.

Governor's Office. Workload will minimally increase for the Governor's Office of Boards and Commissions to make the required appointment under the bill. This work can be accomplished within existing appropriations.

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.

Technical Note

The bill specifies the amount of the General Fund loan for FY 2024-25 at \$264,000; however, this amount is insufficient to cover the first-year costs identified in this fiscal note. To match the fiscal note's estimate, the amount transferred from the General Fund to the enterprise in FY 2024-24 should be \$354,361. The fiscal note assumes that this amount will be transferred; otherwise additional General Fund appropriations would be required and these additional appropriations, unlike the transfer in the bill, would not be repaid by the enterprise.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Energy Office
Judicial

Labor and Employment

Law

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).