



Colorado
Legislative
Council
Staff

HB17-1116

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0577

Date: February 8, 2017

Prime Sponsor(s): Rep. Hamner; Exum
Sen. Martinez Humenik

Bill Status: House Transportation

Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: CONTINUE LOW-INCOME HOUSEHOLD ENERGY ASSISTANCE

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019	FY 2019-2020
State Revenue			\$0
<i>State Transfers</i>			0
Cash Funds			up to (13 million)
Cash Funds			up to 13 million
State Expenditures			up to \$13 million
Cash Funds			up to 13 million
Appropriation Required: None.			
Future Year Impacts: Ongoing state transfer and expenditure increase.			

Summary of Legislation

The bill indefinitely extends authorization for up to \$13 million of Tier 2 Severance Tax Operational Fund moneys for low-income energy-assistance programs. Under current law, funding for these programs expires after FY 2018-19. The programs provide:

- direct energy bill assistance to low-income households through programs administered by the Department of Human Services (DHS) and the Energy Outreach Colorado nonprofit; and
- energy-efficiency improvements for low-income homeowners through a program administered by the Colorado Energy Office.

Background

Severance Tax Trust Fund. The Operational Fund of the Severance Tax Trust Fund receives 25 percent of severance tax receipts. The fund is used for Tier 1 and Tier 2 programs. Tier 1 programs are prioritized in the fund and include operations for the Oil and Gas Conservation Commission; the Geological Survey; the Avalanche Information Center; the Division of Reclamation, Mining, and Safety; the Water Conservation Board; the Division of Parks and Wildlife; and the fund's statutory reserve. Tier 2 programs include water-related programs, agriculture-related programs, clean and renewable energy development, soil conservation, the

control of invasive species, the Species Conservation Trust Fund, and the low-income energy assistance programs addressed in this bill. Current law provides a mechanism for balancing spending from the operational fund by making proportional reductions to all Tier 2 programs when insufficient funds exist to fully fund those programs and still meet the fund's statutory reserve requirement.

Energy Assistance Programs. Under current law, up to \$13 million is authorized for low-income energy-assistance programs and divided between the following programs.

Direct bill assistance (50 percent). To provide energy bill assistance to low-income families year-round, two programs operate in the state:

- *Department of Human Services (25 percent).* DHS oversees the Low-income Energy Assistance Program (LEAP) which operates during the heating season in accordance with the federal Low Income Home Energy Assistance Program funded by the U.S. Department of Health and Human Services. LEAP applications are accepted from November through April. County offices and Goodwill deliver the direct service.
- *Energy Outreach Colorado (25 percent).* The Colorado-based nonprofit Energy Outreach Colorado provides direct bill payment assistance to low-income households when DHS is not accepting LEAP applications. These funds are expended in households outside of the heating season. The moneys are appropriated to the Colorado Energy Office and passed through to Energy Outreach Colorado.

Weatherization Assistance Program (50 percent). Colorado Energy Office, through nonprofit and local government entities, provides energy-efficiency services to income qualified Colorado residences with the purpose of increasing the energy-efficiency of the dwellings owned or occupied by low-income persons to reduce energy expenditures and improve health and safety in their homes.

State Revenue

State transfers. Beginning FY 2019-20 and continuing indefinitely, the bill authorizes a transfer of up to \$13 million from the Severance Tax Operational Fund to the following three funds:

- the Department of Human Services Low-income Energy Assistance Fund administered by DHS;
- the Energy Outreach Colorado Low-income Energy Assistance Fund, passed through to Energy Outreach Colorado from the Colorado Energy Office; and
- the Colorado Energy Office Low-income Energy Assistance Fund, administered by the Colorado Energy Office.

In FY 2019-20, if certain Tier 2 programs repeal as scheduled, current law authorizes \$15.3 million in Tier 2 program spending in FY 2019-20. If certain Tier 2 programs are reauthorized, Tier 2 program spending authority is \$23.4 million that fiscal year. While a Legislative Council Economic Forecast for FY 2019-20 is not yet available, increasing Tier 2 funding authorization by \$13.0 million may increase the potential funding gap for existing Tier 2 programs, which may reduce the transfers available for these programs. As stated in the Background section, current law provides a mechanism for balancing spending from the operational fund by making proportional reductions to all Tier 2 programs when insufficient funds exist to fully fund those programs and still meet the fund's statutory reserve requirement.

State Expenditures

Beginning in FY 2019-20, the bill will increase expenditures in the Department of Human Services and the Colorado Energy Office in the Governor's Office by up to \$13.0 million per year.

Local Government Impact

Beginning FY 2019-20, local governments that deliver direct services related to low-income energy-assistance will have continued expenditure and workload impact to facilitate the programs.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Colorado Energy Office
Local Affairs

Human Services
Natural Resources

Information Technology