HB 19-1314

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

REVISED FISCAL NOTE

(replaces fiscal note dated April 16, 2019)

Drafting Number:	LLS 19-1050	**Date:**	April 24, 2019
Prime Sponsors:	Rep. Becker; Galindo Sen. Winter; Donovan	**Bill Status:**	Senate SVMA
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Bill Topic: JUST TRANSITION FROM COAL-BASED ELECTRIC ENERGY ECONOMY

Summary of Fiscal Impact:

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

This bill creates the Just Transition Office to provide worker benefits, award grants, and receive utility reports related to coal plant retirement. It will increase state expenditures beginning in FY 2019-20 and may increase state revenue from gifts, grants, or donations.

Appropriation Summary: For FY 2019-20, the bill requires an appropriation of $156,678 to multiple departments.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under HB 19-1314

		FY 2019-20	FY 2020-21
Revenue		-	
Expenditures	General Fund	$156,678	$160,190
	Centrally Appropriated	$28,070	$30,938
	Total	**$184,748**	**$191,128**
	Total FTE	**1.8 FTE**	**2.0 FTE**
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

In order to assist coal transition workers and communities, the bill creates the Just Transition Office in the Division of Employment and Training as a type 2 transfer in the Colorado Department of Labor and Employment (CDLE). Beginning in 2025, the director-led office will administer benefits to coal transition workers and grants to eligible coal transition communities.

Definition of coal transition worker and communities. A coal transition worker is any state resident laid-off from employment in a coal mine, coal-fueled electrical power generating plant, or the manufacturing and transportation supply chains of either on or after the bill's effective date. Coal transition communities are defined as municipalities, counties, or regions that have been affected in the previous 12 months or that demonstrate an impact within the next 36 months by the loss of 50 or more jobs from a coal mine, coal-fueled electrical power generating plant, or the manufacturing and supply chains of either.

Just Transition Office director and duties. The office director is appointed by the director of the Division of Employment and Training in CDLE. The office is created to:

- estimate the timing and location of facility closures and job layoffs in coal-related industries and their impact on affected workers, businesses, and coal transition communities;
- make preliminary recommendations as to how the office can most effectively respond to these economic dislocations;
- make eligibility determinations and award benefits to workers;
- establish criteria and amounts for grants and award grants to eligible communities;
- leverage additional state and federal resources; and
- engage in relevant administrative proceedings, such as matters before the Public Utilities Commission, the Air Quality Control Commission, and the General Assembly.

Worker benefits. Once a determination has been made qualifying a coal transition worker, that worker is eligible for:

- transition benefits equivalent in type, amount, and duration to federal benefits under the Trade Adjustment Assistance Act;
- a wage differential benefit for three years; and
- associated employment and training services.

Eligible entities for grants. If funding is available after providing worker benefits, grants may be awarded to eligible entities including:

- an economic development district;
- a county, municipality, city and county, or other political subdivision of the state;
- an Indian tribe;
- an apprenticeship program that is registered with the U.S. Department of Labor or a state apprenticeship council;
- an institution of higher education; and
- a public or private nonprofit organization or association.

Transition plan requirements for coal-fueled utilities. Electric coal-fueled utilities with a nameplate rating of at least 50 megawatts are required to submit a workforce transition plan to the office at least 90 days before the retirement of the facility. The plan must detail number of workers who will be laid-off; their job classifications; offers of other employment to these workers; and scheduled facility retirements. If a replacement electric generating facility is planned, the report must also include information about job availability and job outsourcing.

Advisory committee. A 18-member advisory committee is created to assist the director with benefits, grants, and transition plans, and is required to meet at least quarterly. The advisory committee is repealed on September 1, 2025, pending a sunset review. Members include:

- the CDLE's executive director or a designee;
- the Office of Economic Development's director or a designee;
- the Colorado Energy Office's director or a designee;
- the Department of Local Affair's executive director or a designee;
- a Governor's Office representative;
- a Senator appointed by the President of the Senate;
- a Representative appointed by the Speaker of the House; and
- eleven members appointed by the director, including:
  - three representatives of coal transition workers;
  - three representatives from different counties that each have at least fifty coal-impacted employees;
  - three public members; and
  - two representatives of utilities operating coal-fueled electric generating units.

Just Transition Cash Fund. The bill creates the Just Transition Cash Fund which consists of money credited to the fund, any other money appropriated or transferred by the General Assembly, and may cover the direct and indirect costs of the office. The fund is subject to annual appropriation by the General Assembly.

Background

Coal transition workers. According to the U.S. Bureau of Labor Statistics, there were 1,994 employees that would qualify under the bill as coal transition workers in 2017. On average, these employees made $93,913 per year, as shown in Table 2. Table 2 does include transportation and supply chain workers that may be eligible for coal transition benefits under the bill, as the number of these workers cannot be determined.

Table 2
2017 Employment Data for Direct Coal Workers

Job Classification	Number of Workers	Average Annual Wages
Coal Mining	1,230	$93,906
Coal Mining Support Activities	189	$57,868
Fossil Fuel Electric Generation	575	$105,777
Total	**1,994**	**$93,913**

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

Coal transition communities. Based on the same data from the U.S. Bureau of Labor Statistics, the following counties have at least 50 coal-impacted employees; detailed data is unavailable for municipalities:

- Delta
- Gunnison
- La Plata
- Moffat
- Montrose
- Rio Blanco
- Routt
- Weld

State Revenue

The bill authorizes the CDLE to receive and expend gifts, grants, and donations, which are exempt from TABOR. No source of gifts, grants, or donations has been identified as of this writing.

State Expenditures

The bill increases state General Fund expenditures by $184,748 and 1.8 FTE in FY 2019-20 and $190,210 and 2.0 FTE in FY 2020-21 in the CDLE. Expenditure impacts are outlined in Table 3 and discussed below.

Table 3
Expenditures Under HB 19-1314

	FY 2019-20	FY 2020-21
Department of Labor and Employment		
Personal Services	$131,992	$143,992
Operating Expenses/Capital Outlay	$11,306	$1,900
Legislative Per Diems and Travel Costs	$920	$920
Advisory Committee Reimbursements and Per Diems	$7,220	$7,220
Meeting Costs	$5,240	$5,240
Computer Programming	-	-
Benefits and Grants	-	-
Centrally Appropriated Costs*	$28,070	$30,938
Total Cost	**$184,748**	**$190,210**
Total FTE	**1.8 FTE**	**2.0 FTE**

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

Department of Labor and Employment. Beginning in FY 2019-20, the CDLE requires a full-time Program Manager and Administrator to staff the Just Transition Office. Standard operating expenses and capital outlay costs are included and first-year costs reflect the General Fund pay date shift.

- *Advisory committee.* The 2 legislative members and the 11 appointed members of the advisory committee are eligible for legislative per diems at half the current legislative per diem rate of $110.73, which is $55. All members, including ex officio members, are eligible for reimbursement of half of their actual and necessary expenses. Assuming the committee meets the required four times per year, these costs are estimated at $920 for the Legislative Department, and $7,220 for remaining committee members per year. The fiscal note also includes $5,240 for meeting costs, which includes room rentals and catering. These costs will be incurred from FY 2019-20 until the advisory committee repeals pending a sunset review in FY 2025-26.

- *Computer programming.* CDLE will be required to update its Connecting Colorado database at an estimated cost of $20,000, which reflects 160 hours of contract work at the hourly rate of $125. It will also be required to create a system to track the wage differential benefit, for which costs have not yet been determined. It is anticipated that these systems would need to be in place by January 1, 2024, and that these costs will be incurred in FY 2023-24. Appropriations will be made through the annual budget process.

- *Benefits and grants.* Beginning January 1, 2025, the actual benefits received by coal transition workers will depend on whether the worker finds replacement employment and the wage differential of the replacement employment. Coal transition communities may include a variety of entities and will be determined by the director. Actual expenditures will depend on the timing of facility retirement, number of employees, available replacement employment, and the amount of funding available, among other factors. Appropriations will be made through the annual budget process.

Other state agencies. The Office of Economic Development, the Colorado Energy Office, and the Governor's Office will have a workload increase to participate in the work of the advisory body. This 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 estimated to be $28,070 in FY 2019-20 and $30,938 in FY 2020-21.

Local Government

Local governments are eligible for grant funding under the bill beginning on January 1, 2025. As discussed in the Background section, at least eight counties may qualify for grants, which will increase revenue and expenditures in local governments that receive a grant under the bill.

Effective Date

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

State Appropriation

For FY 2019-20, the bill requires a total General Fund appropriation of $156,678, which includes $155,758 to the Department of Labor and Employment and an allocation of 1.8 FTE, and $920 to the Legislative Department for legislative per diems and reimbursements. Currently, the reengrossed bill includes a total General Fund appropriation $164,848, which includes $163,010 to the Department of Labor and Employment and an allocation of 1.8 FTE, and $1,838 to the Legislative Department.

State and Local Government Contacts

Colorado Energy Office	Counties	Economic Development
Governor	Higher Education	Information Technology
Labor	Legislative Council	Municipalities