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Fiscal Note

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Prime Sponsors: Sen. Simpson; Hansen Bill Status: Senate Agriculture
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Bill Topic: AGRICULTURAL PRODUCERS USE OF AGRIVOLTAICS

- Summary of Fiscal Impact:
State Revenue (checkbox)
State Expenditure (checkbox)
State Transfer (checkbox)
TABOR Refund (checkbox)
Local Government (checkbox)
Statutory Public Entity (checkbox)

The bill commissions grants and studies to evaluate the use of agrivoltaics and aquavoltaics. It requires transfers between funds and increases state expenditures beginning in FY 2023-24.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$112,275 to the Department of Agriculture.

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

Table 1
State Fiscal Impacts Under SB 23-092

Table with 4 columns: Category, Sub-category, Budget Year FY 2023-24, and Out Year FY 2024-25. Rows include Revenue, Expenditures (General Fund, Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers (General Fund, Agriculture Value-Added Cash Fund, CWCB Construction Fund, Feasibility Study Small Grant Fund, Net Transfer), and Other Budget Impacts (General Fund Reserve).

1 The transfer from the General Fund to the Agriculture Value-Added Cash Fund is assumed to occur via an annual appropriation to the fund. The exact amount may be set at the discretion of the General Assembly.

Summary of Legislation

The bill expands eligibility requirements for grant awards made by the Agricultural Drought and Climate Resilience Office in the Department of Agriculture (CDA) to include the use or study of agrivoltaics, which involves solar energy generation facilities that are integrated with agricultural activities. The office must convene a stakeholder group by October 1, 2023, to advise on making grants related to agrivoltaics.

CDA must also conduct a study examining greenhouse gas emissions mitigation and carbon sequestration in the agricultural section, including the use of dry digesters and the potential for creating a greenhouse gas offset program. Other state entities must consult with CDA, and any offset program may be incorporated into rules promulgated by the Air Quality Control Commission upon the study's completion. CDA must submit a progress report to the General Assembly by October 1, 2024, and a publish a final report by October 1, 2025.

The Colorado Water Conservation Board in the Department of Natural Resources (DNR) must conduct a feasibility study regarding aquavoltaics, which involves solar energy generation facilities placed over or floating on irrigation canals or reservoirs.

The bill updates the statutory definition of "solar energy facility" for the purposes of property valuation to include certain agrivoltaics and aquavoltaics.

State Transfers

The bill requires transfers to support the programs created by the bill.

Agrivoltaics grants. The fiscal note assumes that the bill requires an annual transfer of \$1.8 million from the General Fund to the Agriculture Value-Added Cash Fund for CDA's agrivoltaics grant program. Transfers to the funds are expected to occur via an annual appropriation. The exact amount of the transfer can be set at the discretion of the General Assembly.

Aquavoltaics study. Current law requires an annual transfer from the Colorado Water Conservation Board Construction Fund to the Feasibility Study Small Grant Fund to restore the latter's fund balance to \$500,000. If the aquavoltaics study causes the Feasibility Study Small Grant Fund's balance to fall below this threshold, the bill may trigger a transfer of up to \$200,000 on July 1, 2024.

State Expenditures

The bill increases state expenditures in various state agencies by \$2.1 million in FY 2023-24 and \$1.9 million in FY 2024-25, paid from the various funds. Expenditures are shown in Table 2 and detailed below.

**Table 2
Expenditures Under SB 23-092**

	FY 2023-24	FY 2024-25
Department of Agriculture		
Personal Services	\$106,241	\$130,739
Operating Expenses	\$1,485	\$1,755
Capital Outlay Costs	\$6,670	-
Agrivoltaics Grants ¹	\$1,693,893	\$1,680,181
Emissions Mitigation Study	\$87,500	\$87,500
Centrally Appropriated Costs ²	\$20,973	\$26,574
FTE – Personal Services	1.0 FTE	1.3 FTE
CDA Subtotal	\$1,916,762	\$1,926,749
Department of Natural Resources		
Aquavoltaics Study	\$200,000	-
DNR Subtotal	\$200,000	-
Total	\$2,116,762	\$1,926,749
Total FTE	1.0 FTE	1.3 FTE

¹ The exact amount of grants will vary depending on the amount transferred to the Agriculture Value-Added Cash Fund. This estimate assumes a transfers of \$1.8 million per year.

² Centrally appropriated costs are not included in the bill's appropriation.

Department of Agriculture. The bill increases workload in CDA to administer the agrivoltaics grant program and the emissions mitigation and sequestration study. All staff costs have been prorated to reflect the bill's effective date and, as necessary, the General Fund pay date shift. Standard operating and capital outlay costs are included.

- **Agrivoltaics grant program.** Establishing rules and administering the grant program requires 1.0 FTE. Grant awards are expected to range from \$250,000 to \$800,000, depending on the size of the agrivoltaics project and guidelines established by the stakeholder group. After staffing expenses, the fiscal note estimates approximately \$1.7 million available each year for grant awards, based on the assumed transfer to the Agriculture Value-Added Cash Fund, which is continuously appropriated to the department. Costs may vary depending on the amount of funding transferred to the fund each year.
- **Emissions mitigation study.** Contracting for the study requires 0.3 FTE beginning in FY 2023-24 until the submission of the study's final report. Based on the cost of another study of similar scope, the contract is estimated at \$175,000 over two years. These costs are paid from the General Fund.

Department of Natural Resources. Based on previous feasibility studies conducted by the department, the aquavoltaics feasibility study is estimated to cost \$200,000, paid from the Feasibility Study Small Grant Fund, which is continuously appropriated to Colorado Water Conservation Board. The fiscal note assumes the study will take place in FY 2023-24; some of the costs may carry forward into FY 2024-25 depending on the timing of study activities.

The bill also increases workload in several divisions in DNR to consult on the studies. This workload can be accomplished within existing appropriations.

Department of Public Health and Environment. The department must consult with CDA on its study of greenhouse gas emissions mitigation and carbon sequestration. This workload can be accomplished within existing appropriations. If the study's final report includes recommendations for an offset program, workload and legal services costs will increase for the department in FY 2025-26, which will be addressed through the annual budget process as necessary. Legal services are provided by the Department of Law.

Other state agencies. The bill requires the Colorado Energy Office and an institute of higher education to consult with CDA on its study of greenhouse gas emissions mitigation and carbon sequestration. This increases workload for these entities, which can be accommodated 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.

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 \$112,275 from the General Fund to the Department of Agriculture for the emissions mitigation study, and 0.2 FTE.

In addition, to fund the agrivoltaics grant program at the level estimated above, the bill requires an appropriation of \$1.8 million from the General Fund to the Agriculture Value-Added Cash Fund for FY 2023-24. This exact amount of this appropriation may be set at the discretion of the General Assembly. The Department of Agriculture requires 0.8 FTE for this grant program.

The Agriculture Value-Added Cash Fund and the Feasibility Study Small Grant Fund are continuously appropriated to the Department of Agriculture and the Department of Natural Resources, respectively.

State and Local Government Contacts

Agriculture	Colorado Energy Office	Higher Education
Information Technology	Law	LCS
Natural Resources	Public Health and Environment	Revenue