## Colorado Legislative Council Staff Fiscal Note

# FINAL FISCAL NOTE

**Drafting Number:** LLS 14-1052 **Date:** June 16, 2014 **Prime Sponsor(s):** Sen. Kerr **Bill Status:** Signed into Law

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**SHORT TITLE:** FUNDING FOR ENERGY EFFICIENCY IN SCHOOLS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
Cash Funds	Possible increase See State Revenue section	
State Expenditures		
FTE Position Change		
Appropriation Required: None		

<sup>\*</sup> This summary shows changes from current law under the bill for each fiscal year.

## **Summary of Legislation**

This bill modifies the Renewable Energy and Energy Efficiency for Schools (REES) loan program administered by the Colorado Energy Office (CEO). Specifically, for renewable energy projects, the bill increases the availability of funds for applicant school districts by:

- allowing school districts to obtain renewable energy through third-party ownership of energy generation facilities or participation in community solar gardens:
- expanding project certification requirements to include not only the federal "energy star" certification but also the state standards for energy-efficient school buildings; and
- lowering the interest rate of loans to equal, rather than exceed the average book yield earned by the Public School Fund in the previous quarter.

In addition, the bill expands the REEES loan program to allow loans for a variety of energy efficiency projects. The bill defines energy efficiency projects as projects that result in more efficient use of energy or resources, including:

- installing equipment or infrastructure that help defray energy costs;
- improving the energy efficiency of a building by addressing lighting issues, adding insulation, or incorporation of solar thermal technologies;
- reducing water usage or consumption; and
- improving the energy efficiency of motor vehicle fleets.

## **Background**

The Renewable Energy and Energy Efficiency for Schools (REES) Loan Program. House Bill 09-1312 created the REES loan program administered by the Colorado Energy Office. The program provides school districts with loans for wind, solar, or other renewable energy projects. Battery-powered, compressed natural gas, or hybrid-electric bus projects are also eligible.

To apply for a loan, a school district must receive approval from its board of education and have a team dedicated to the project. Applications are submitted to the CEO and must meet specific standards for the project facility. The CEO then recommends awards and loan amounts to the State Treasurer. The State Treasurer approves loans, provides funds from the Public School Fund, and specifies loan terms. Fees may be required with each application. Prior to accepting the loan, school districts must determine available financing terms from at least two banks. If a district is unable to repay a loan, the State Treasurer may withhold funds from the state share of the district's school finance funding. If a loan is not repaid, the General Assembly must reimburse the Public School Fund with a General Fund appropriation.

#### **State Revenue**

By increasing the availability of funds for loans and expanding the types of projects that are eligible for loans, this bill may increase the number of applications received and associated fee revenue. Because the program has not been utilized to date, it is not possible to quantify the prospective revenue increase.

#### **State Expenditures**

**Colorado Energy Office.** The provisions in this bill expand the availability of funds for school districts and the types of projects that are eligible for loans. The bill only minimally affects the administrative costs of the program. Thus the CEO will be able to implement this bill within existing resources.

### **School District Impact**

School districts interested in the REEES loan program will see reduced costs associated with program loans.

#### **Effective Date**

The bill was signed by the Governor and took effect on May 15, 2014.

#### **State and Local Government Contacts**

Education

Colorado Energy Office

**School Districts**