

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

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Bill Ritter, Jr.
Governor
Todd Saliman
Director

MEMORANDUM

TO: Title Setting Review Board

FROM: Todd Saliman, Director

DATE: March 31, 2008

SUBJECT: Fiscal Analysis for Proposed Ballot Initiative #83

Initiative #83 creates a surcharge on the generation of electricity and the consumption of natural gas based on the amount of global warming-causing gases emitted. **The Governor's Office of State Planning and Budgeting (OSPB) estimates that the fiscal impact of this initiative would be an increase in state revenue of \$209.0 million in FY 2009-10**, of which \$68.9 million would result from natural gas consumption and \$140.1 million would result from electricity generation.

Natural Gas Consumption

The OSPB used data from the United States Department of Energy's Energy Information Administration (EIA) (<http://www.eia.doe.gov>) to forecast natural gas consumption in Colorado in FY 2009-10, the first fiscal year in which the initiative would be enacted. This amount (557.8 million MCF) was then multiplied by the formulas specified in the language of the initiative to arrive at a revenue impact of \$68.9 million.

Electricity Production

The OSPB also used EIA data on electricity production and carbon, nitrogen and sulfur emissions to forecast the amount of fee revenue that would result from electricity generation. Based on 2006 data of 50.7 million megawatt-hours generated and 41.9 million metric tons of carbon emissions, and adjusting for expected growth in demand to 2010, the OSPB calculated a \$140.1 million revenue impact.