



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated April 4, 2024)

Drafting Number:	LLS 24-0619	Date:	April 16, 2024
Prime Sponsors:	Sen. Cutter; Michaelson Jenet Rep. Froelich	Bill Status:	House Finance
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Bill Topic: PROCESSING OF MUNICIPAL SOLID WASTE

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill modifies laws around processing solid waste. It increases state and local expenditures, and may impact state revenue, beginning in FY 2024-25.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill, as amended by the House Energy and Environment Committee.

Summary of Legislation

Starting January 1, 2025, the bill prohibits units that combust municipal solid waste from being eligible for any state incentives, with some exceptions. The bill clarifies that these units do not meet state-set standards for recycling, clean energy, and other established programs. The bill also specifies that pyrolysis and gasification processes from incineration systems can be regulated by municipalities and boards of county commissioners.

The bill also specifies that synthetic gas produced by the pyrolysis of waste materials is no longer considered an eligible energy resources under state renewable energy standards, and methane from the pyrolysis of waste is not considered recovered methane or a clean heat resource for clean heat plants.

State Revenue

The bill increases General Fund revenue from income and sales taxes by an indeterminate amount. Beginning January 1, 2025, the bill makes combustion units ineligible for any state "incentive" for which they would otherwise qualify. This may affect eligibility for tax expenditures including, but not limited to: the advanced industry investment credit; the enterprise zone investment tax credit; the enterprise zone research and experimental activities credit; the plastic recycling investment credit; and the sales and use tax exemptions for components used in the production of electricity from a renewable energy source, for energy used for industrial and manufacturing purposes and for residential heat, light, and power, and for property used in

space flight. The amount by which revenue increases depends on how the restriction in the bill is implemented. The potential increase affects income and sales tax revenue, which is subject to TABOR.

State Expenditures

Workload will increase for the Department of Public Health and Environment to provide compliance assistance, perform inspections, and manage enforcement issues. The extent of this workload impact is expected to be minimal, as the fiscal note assumes that there are few combustion units in operation that are covered by the bill.

Local Government

To the extent local governments operate combustion or pyrolysis facilities, costs may increase to shift or adjust waste disposal methods. The fiscal note assumes these impacts will be minimal as not many operate these facilities currently.

Effective Date

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

State and Local Government Contacts

Colorado Energy Office	Counties	Higher Education
Local Affairs	Municipalities	Public Health and Environment
Regulatory Agencies	Revenue	

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).