



COSTS OF COLORADO'S ENVIRONMENTAL POLICIES AND EMISSIONS-REDUCTION TARGETS

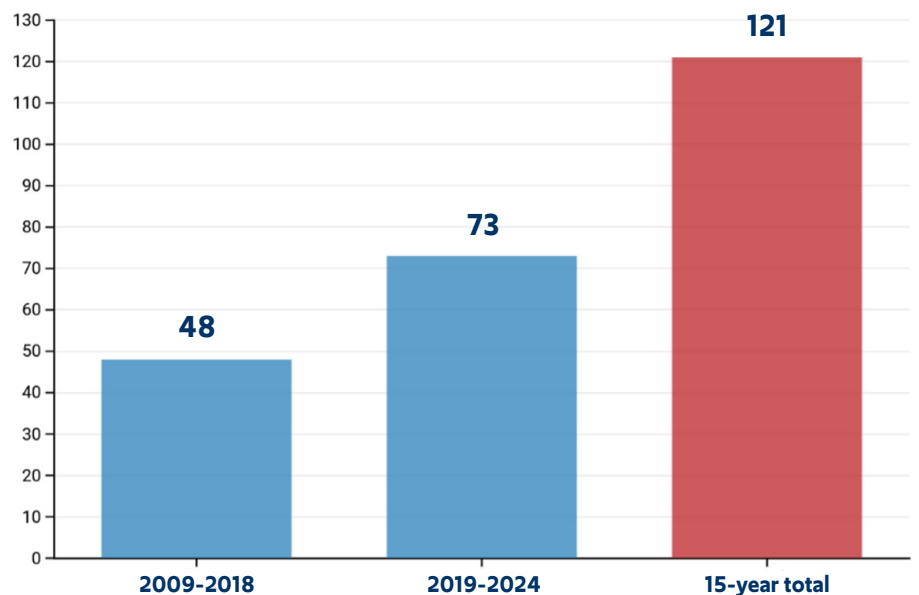
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Colorado has seen explosive growth in legislative and regulatory mandates targeting carbon emissions and climate change over the past 15 years.

Colorado's Costs Significantly Higher than Other States'

According to CSI's analysis, it is possible that carbon abatement through the policies enacted in Colorado has been upwards of **10 times more expensive** than other policies throughout the United States that pursue the same end.

Number of Colorado Climate Mandates: Legislative and Regulatory (Since HB19-1261)



The cumulative impact of these 120+ mandates imposed significant costs on the statewide economy between 2009 and 2023:



30,986

fewer jobs



\$13.8B

reduction in
personal income



\$18.3B

reduction in
state GDP



\$131.7 million

reduction in
state-government revenue
from the personal-income
effect alone

In 2023 alone, the policy impacts roughly equaled the GDP and employment profile of the entire agricultural sector in Colorado. And yet, Colorado is projected to narrowly miss the 26% emission reduction target for 2025.

SECTOR-BY-SECTOR HIGHLIGHTS

Electricity prices

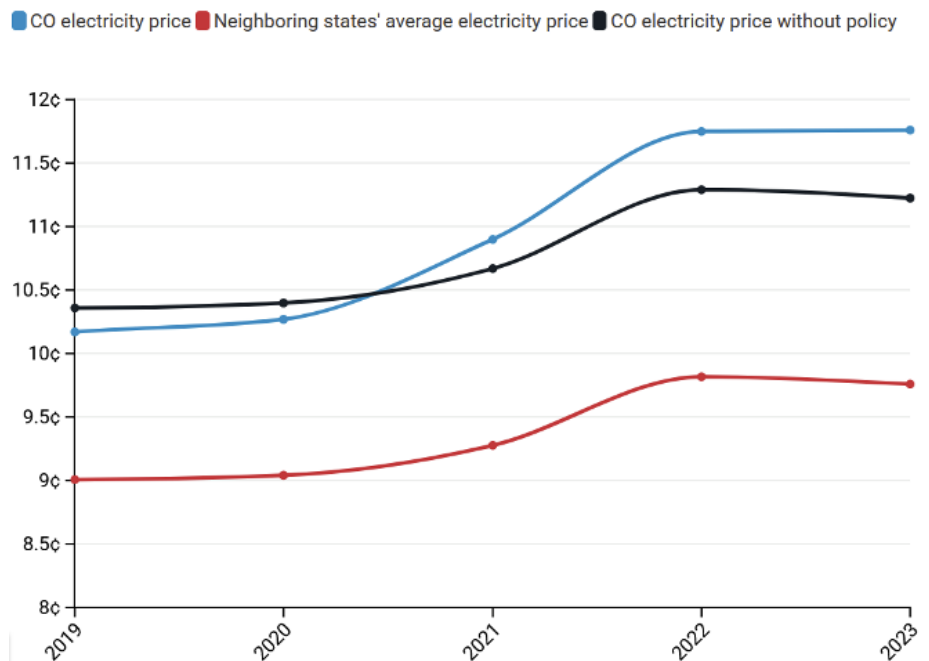
Though Colorado electricity prices have historically been higher than those of neighboring states, this trend has accelerated in recent years. As a result, from 2021 to 2023, Colorado consumers paid \$791 million more for electricity, costing the state more than 7,000 jobs.

Transportation

New gas taxes, new taxes on vehicle purchases, and other costs imposed by SB21-260—a transportation funding bill that aimed to boost the equitable adoption of electric vehicles, among other things—have already **cost the state 2,600 jobs and \$280 million of GDP** through 2023, according to CSI analysis.

Impact of State Policy on Electricity Prices

Impact of State Policy on Electricity Prices (¢/kWh)



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Oil and natural gas production

From 2019 to 2023, Colorado's **crude oil production fell by 13.3% and natural gas production declined by 8.3%**, even as oil production in neighboring New Mexico almost doubled and natural gas output grew by 75.2%. The decline in Colorado followed the passage and implementation of SB19-181, which imposed a wide range of restrictions on drilling and siting new production facilities. This has **cost the state 10,520 jobs and \$1.3 billion in GDP**.

Buildings and Stationary sources

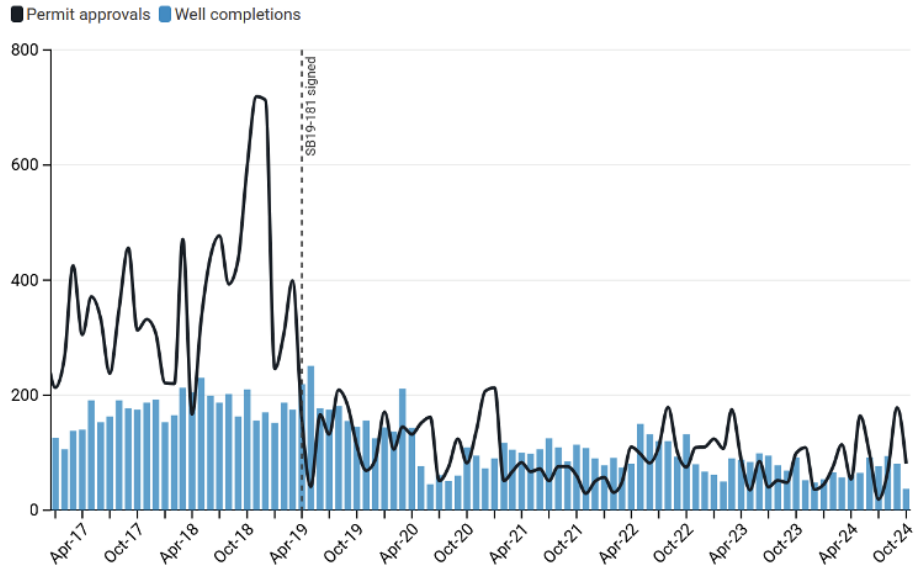
Over the last several years, the state has imposed new fees on emissions by point sources and passed new building codes for commercial and residential buildings. Although efficiency gains may mitigate some of the long-term impacts, CSI estimates that the implementation of **these new policies has reduced employment by over 1,700 and cost Colorado \$524 million of GDP since 2021**.

Natural gas prices

Colorado's historical price advantage over neighboring states has narrowed and policies imposed on the electric sector may be partially responsible: utilities that sell both electricity and natural gas can make up for electricity cost hikes by raising natural gas rates. CSI estimates that **natural gas prices in 2023 were \$0.59 per thousand cubic feet—or 6%—higher than they would have been otherwise**.

Drilling Permits Approved and Well Completions in Colorado

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CONCLUSION

This report takes no position on the merits of Colorado's climate change policies from the past 15 years. Clearly, these policies have imposed costs on the Colorado economy and consumers that should be considered in the context of future policymaking. This report does not attempt to quantify the benefits related to these policies. More analysis can continue to inform the tradeoffs inherent in Colorado's climate change policy, to ensure that both benefits and costs are taken into account.

These economic impacts should be closely examined and openly debated. Only then can policymakers and the public decide for themselves whether these costs are justified and make informed decisions about the next 15 years.

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