

JBC STAFF FISCAL ANALYSIS
 SENATE APPROPRIATIONS COMMITTEE

CONCERNING THE APPROPRIATION OF MONEYS FROM THE OPERATIONAL ACCOUNT OF THE SEVERANCE TAX TRUST FUND TO THE DEPARTMENT OF NATURAL RESOURCES FOR PROGRAMS RECOMMENDED BY THE EXECUTIVE DIRECTOR OF THE DEPARTMENT, AND, IN CONNECTION THEREWITH, REDUCING BY A SPECIFIED NUMBER OF PERCENTAGE POINTS THE MAXIMUM PERCENTAGES OF TOTAL AVAILABLE OPERATIONAL ACCOUNT MONEYS THAT MAY BE APPROPRIATED FOR PROGRAMS WITHIN THE COLORADO OIL AND GAS CONSERVATION COMMISSION AND THE DIVISION OF RECLAMATION, MINING, AND SAFETY, ALLOWING APPROPRIATIONS TO BE MADE IN AMOUNTS UP TO A SPECIFIED PERCENTAGE OF THE TOTAL AVAILABLE OPERATIONAL ACCOUNT MONEYS FOR PROGRAMS WITHIN THE DIVISION OF WILDLIFE AND THE DIVISION OF PARKS AND OUTDOOR RECREATION, AND EXEMPTING APPROPRIATIONS MADE TO THE DIVISION OF WILDLIFE FROM THE TWO -YEAR RESERVE REQUIREMENT OF THE OPERATIONAL ACCOUNT.

Prime	Senator Schwartz	JBC	Eric Kurtz
Sponsors:	Representative Fischer	Analyst:	303-866-2061
		Phone:	April 8, 2008
		Date	
		Prepared:	

Summary of Amendments Made to the Bill After the 01/22/08 Legislative Council Staff Fiscal Note Was Prepared (Amended by the Senate Agriculture, Natural Resources and Energy Committee 01/31/08)

The Senate Agriculture, Natural Resources and Energy Committee amendment limited the use of the Operational Account by the Division of Wildlife to regions of the state where production is occurring, or research of impacts in those regions.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

<input type="checkbox"/>	Concurs	<input type="checkbox"/>	Does Not Concur	<input checked="" type="checkbox"/>	Updated Analysis
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Reason for the Update

This is to clarify that the lengthy discussion beginning on the bottom of page 3 and continuing through page 5 of the Legislative Council Staff Fiscal Note dated 01/22/08 is just a disclosure of information provided by the Department of Natural Resources about how the Department proposes to use the authority in the bill that permits appropriations from the Operational Account of the Severance Tax Trust Fund to the Division of Parks and the Division of Wildlife. The bill does not include any provisions that require an appropriation to either division, and as introduced the bill did not include an appropriations clause. Thus, the bill is assessed as having no fiscal impact, as reflected in the box on the first page of the Legislative Council Staff Fiscal Note. The General Assembly would need to make an appropriation for any of the

expenditures discussed on pages 4 and 5 of the Legislative Council Staff Fiscal Note to occur.

Amendments/Appropriation Status

The bill neither requires nor contains an appropriation clause for FY 2008-09.

Bill Sponsor Amendments

The sponsor has prepared amendment J.001 (attached) to appropriate in FY 2008-09 from the Operational Account of the Severance Tax Trust Fund to the Department of Natural Resources the following amounts:

1. \$1,234,058 to the Division of Parks to operate, maintain, and improve state parks located in areas impacted by energy development;
2. \$750,000 to the Division of Parks to construct a boat ramp at the Nighthorse Reservoir; and
3. \$1,519,927 to the Division of Wildlife to monitor, manage, mitigate, and research the impacts of mineral or mineral fuel production activities on wildlife.

Points to Consider

1. The bill makes appropriations to the Division of Wildlife exempt from the 2-year reserve requirement. Thus, these appropriations are unlike other appropriations for the operations of the Department of Natural Resources. Nor are the appropriations like expenditures from the Operational Account for special statutory initiatives. These initiatives are not subject to the percentage limitations in Section 39-29-109 (1) (c) (I), C.R.S. and typically, although not always, include provisions requiring that the expenditure be reduced if revenues to the Operational Account of the Severance Tax Trust Fund are insufficient to maintain the 2-year reserve requirement. The Appropriations Committee may want to consider whether the appropriations to the Division of Wildlife should be standardized to conform with other expenditures out of the Operational Account of the Severance Tax Trust Fund, or whether there is a basis for treating them differently.
2. Based on the March 2008 Legislative Council Staff forecast, the Operational Account of the Severance Tax Trust Fund is projected to have a shortfall of \$6,864,342 in FY 2007-08, but a surplus of \$12,217,753 in FY 2008-09, based on current law and the appropriations in the Long Bill. The General Assembly

will need to take action to address this imbalance. Also, the Appropriations Committee should consider:

- a. Revenues to the Operational Account of the Severance Tax Trust Fund have historically been highly volatile and the projected revenues may not materialize.
- b. The sum of all bills that have been introduced to make expenditures in FY 2008-09 from the Operational Account exceeds the projected revenues to the Operational Account (for more information, see the JBC staff overview of the Operational Account available separately).