

SB08-206



 Colorado Legislative Council Staff Fiscal Note

FINAL
FISCAL IMPACT

Drafting Number: LLS 08-1008	Date: August 11, 2008
Prime Sponsor(s): Sen. Shaffer; Penry	Bill Status: Signed into Law
Rep. Carroll T.; Marostica	Fiscal Analyst: Jessika Shipley (303-866-3528)

TITLE: CONCERNING THE AUTHORITY OF THE STATE TO ENTER INTO LEASE-PURCHASE AGREEMENTS, AND, IN CONNECTION THEREWITH, AUTHORIZING LEASE-PURCHASE AGREEMENTS FOR A STATE JUSTICE CENTER AND A NEW COLORADO STATE MUSEUM, INCREASING CIVIL COURT FEES TO PAY COSTS ASSOCIATED WITH THE STATE JUSTICE CENTER PROJECT, AND AUTHORIZING TRANSFERS AND PAYMENTS FROM THE PORTION OF THE STATE HISTORICAL FUND NOT RESERVED FOR THE STATEWIDE GRANT PROGRAM TO PAY FOR THE COLORADO STATE MUSEUM, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue		
Cash Funds		
Justice Center Cash Fund	\$11,800,000	\$12,700,000
State Transfers or Diversions		
Transfer from the Justice Center Cash Fund to the State Museum Cash Fund	(\$15,000,000)	(\$10,000,000)
Transfer from the State Historical Fund to the State Museum Cash Fund	(3,000,000)	(4,000,000)
State Expenditures		
Cash Funds		
State Museum Cash Fund	\$18,000,000	\$14,000,000
State Historical Fund	0	79,640
FTE Position Change	0.0 FTE	2.0 FTE
Effective Date: The bill was signed by the Governor and became law on June 4, 2008.		
Appropriation Summary for FY 2008-2009: See State Appropriations section		
Local Government Impact: None		

Summary of Legislation

Background. The Colorado Judicial Branch and the Colorado History Museum currently share the Judicial Heritage Complex in Denver. The facility is incapable of meeting the operational needs of either the Judicial Branch or the history museum. The current Judicial Heritage Complex is subject to a number of problems, including lack of space, significant required maintenance, and security and safety shortfalls. The Judicial Branch and other justice-related agencies are currently

operating in 10 different locations across the Denver Metro area, costing the state approximately \$8 million in lease payments each year. The Colorado History Museum also lacks adequate exhibit and storage space, environmental controls, and life safety protections.

SB 08-206. The bill proposes raising civil filing fees to help fund the consolidation of all of the justice-related agencies into a single complex at the current site of the Colorado Supreme Court and the Colorado History Museum (13th and Broadway/Lincoln). These justice-related offices include:

- the Colorado Supreme Court;
- the Colorado Court of Appeals;
- administrative offices of the Judicial Branch;
- the Alternate Defense Counsel;
- the Office of the Child's Representative;
- the Office of the State Public Defender; and
- the Attorney General.

It also proposes to construct a new Colorado History Museum at 12th and Broadway/Lincoln using a limited amount of the State Historical Fund and moneys transferred from the Judicial Branch.

Additionally, the bill authorizes the state to enter into lease-purchase agreements for the development and construction of a state justice center and a new Colorado State Museum. Since 1979, the state has entered into lease-purchase agreements by issuing certificates of participation (COPs) to finance the debt of capital construction projects. The COPs are tax-exempt government securities that are sold to investors, who then receive COP payments including interest income.

State Revenue

The bill authorizes the Judicial Branch to raise civil court filing fees anywhere from \$11 to \$73. The fee increase for county court claims will be phased in over a three-year period to a total of \$97, an increase of \$37.

Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 1 illustrates the major categories of filing fees that will be increased under SB 08-206. Further detailed information about the various filing fees is available upon request from Legislative Council Staff.

Type of Fee	Current Fee	Proposed Fee	Fee Change
Court of Appeals	\$150	\$223	\$73
District Court	\$156	\$224	\$68
Probate	\$149	\$164	\$15
Juvenile	\$152	\$167	\$15
Domestic Relations	\$194	\$220	\$26
County Court	\$60	\$97	\$37
Small Claims	\$44	\$55	\$11

The bill increases civil filing fees and deposits a portion of the filing fees into the newly created Justice Center Cash Fund. Also to be deposited in the Justice Center Cash Fund are any lease payments received by the Judicial Branch from agencies occupying the state justice center. The proposed filing fee increases are estimated to generate approximately \$11.8 million in revenue for FY 2008-09, \$12.7 million in FY 2009-10, and \$14.4 million in FY 2010-11, all of which will be deposited into the Justice Center Cash Fund. The estimated revenue amounts reflect the Colorado Department of Local Affairs' projected population growth rate and the three-year phased in fee increase for county civil cases. The bill changes the distribution of total civil filing fees to the General Fund and various cash funds in FY 2009-10 and FY 2010-11, but the percentage deposited in the Justice Center Cash Fund will remain constant.

Transfers

Judicial Branch. The bill creates the Justice Center Cash Fund and requires the Judicial Branch to transfer up to \$15 million in FY 2008-09 and up to \$10 million in FY 2009-10 from the new cash fund (as funds become available) to the State Museum Cash Fund. The balance of \$25 million will be transferred in FY 2010-11, if the full amount has not already been transferred. The \$25 million transfer is compensation to the State Historical Society for the land on which the Colorado History Museum currently resides that will become part of the new justice center complex.

Colorado Historical Society. In addition to the moneys transferred to the State Museum Cash Fund from the Justice Center Cash Fund, a portion of the costs associated with the new state museum will be paid by the share of the State Historical Fund that is not reserved for the statewide grant program for preservation. The bill requires that the following amounts be transferred from the State Historical Fund to the State Museum Cash Fund in order to mitigate the amount that will be financed using COPs:

- on or before October 1, 2008 - \$3 million;
- on or before October 1, 2009 - \$4 million; and
- on or before October 1, 2010 - \$4 million.

State Expenditures

Judicial Branch. The bill generates fee revenue and makes that money available for expenses related to the design, construction, maintenance, operation, and interim accommodations for the state justice center. The state will issue COPs in FY 2011-12 and payments will begin (using fee revenue) in FY 2014-15, continuing for 35 years. The bill limits the annual COP payment to \$19 million each year. Table 2 provides more detailed information regarding the costs of the project, while Table 4 illustrates the major milestones.

Colorado Historical Society. The bill creates the State Museum Cash Fund, which will consist of money transferred from the State Historical Fund, the Justice Center Cash Fund, and any money appropriated by the General Assembly. The money in the State Museum Cash Fund is subject to annual appropriation by the General Assembly to the State Historical Society to pay for the planning, design, acquisition, and construction of a new state museum, as well as the costs associated with relocation and exhibits for the new museum.

The bill requires the General Assembly, beginning in FY 2011-12 and continuing through July 1, 2045, to annually appropriate to the State Historical Society from the State Historical Fund enough money to cover COP payments. This amount cannot exceed \$4,998,000 each year.

Table 2. Project Costs Under SB 08-206			
Museum		Justice Center	
Project Budget	\$113,000,000*	Project Budget	\$295,000,000*
Payment from Judicial for Land Acquisition	(\$25,000,000)	Revenue from New Filing Fees received July 2008 through December 2014 (\$25 million of this amount will be transferred to the State Historical Society for land acquisition costs)	(\$70,000,000)
State Historical Fund Portion	(\$11,000,000)		
Total Financing Needed	\$77,000,000	Total Financing Needed	\$225,000,000
Capitalized Interest	\$9,000,000	Capitalized Interest	\$46,000,000
Cost of COP Issuance	\$2,000,000	Cost of COP Issuance	\$6,000,000
Interest Earned	(\$2,000,000)		
Premium COP Rate	(\$2,000,000)	Interest Earned	(\$8,000,000)
TOTAL COP ISSUANCE	\$84,000,000	TOTAL COP ISSUANCE	\$269,000,000

* Figures in the table are rounded.

In FY 2009-10, the Colorado Historical Society will require a new Collections Assistant to prepare the collections of the museum for the move to the new facility and a new Exhibit Researcher to initiate planning for the exhibits that will be installed in the new museum. State Historical Fund dollars will be used to cover the costs of the 2 FTE. Further staffing increases will be required in FY 2010-11 and FY 2011-12 and those will be addressed through the annual budget process.

Table 3. Expenditures Under SB 08-206		
Cost Components	FY 2008-09	FY 2009-10
Personal Services	\$0	\$70,830
FTE	0	2.0
Operating Expenses	\$0	\$1,900
Capital Outlay (one-time cost)	\$0	\$6,910
TOTAL	\$0	\$79,640

Table 4. Project Milestones Timeline	
Fiscal Year	Milestones
FY 2008-09	<ul style="list-style-type: none"> • Museum design phase begins • Museum COPs issued • Museum financing completed • Museum construction begins
FY 2009-10	<ul style="list-style-type: none"> • Museum construction continues
FY 2010-11	<ul style="list-style-type: none"> • Justice center design phase begins • Justice center COPs issued • Museum construction completed
FY 2011-12	<ul style="list-style-type: none"> • Museum COP payments begin • Justice center financing completed • Museum moves to new facility • Judicial Branch temporarily relocates • Current museum and Judicial facility demolition • Justice center construction begins
FY 2012-13	<ul style="list-style-type: none"> • Justice center construction continues
FY 2013-14	<ul style="list-style-type: none"> • Justice center construction continues
FY 2014-15	<ul style="list-style-type: none"> • Justice center construction completed • Justice center moves into new facility • Justice center COP payments begin

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

State Appropriations

The Colorado Historical Society will require an appropriation of \$18,000,000 from the State Museum Cash Fund for FY 2008-09.

Departments Contacted

Colorado Historical Society

Judicial

Treasury