

  
*Colorado Legislative Council Staff Fiscal Note*  
**FINAL**  
**FISCAL NOTE**

<b>Drafting Number:</b> LLS 09-0541	<b>Date:</b> June 15, 2009
<b>Prime Sponsor(s):</b> Sen. Heath	<b>Bill Status:</b> Signed into Law
Rep. Marostica; Gagliardi	<b>Fiscal Analyst:</b> Chris Ward (303-866-5834)

**TITLE:** CONCERNING THE AUTHORITY FOR THE OPERATION OF THE COLORADO CREDIT RESERVE PROGRAM, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
<b>State Revenue</b>	\$0	\$0
<b>State Expenditures</b>		
General Fund	\$2,500,000	\$0
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> The bill was signed by the Governor and became law on May 7, 2009.		
<b>Appropriation Summary for FY 2009-2010:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

The bill authorizes the Colorado Economic Development Commission to contract with the Colorado Housing and Finance Authority for the operation of a program to increase the availability of credit to small businesses in Colorado. It also provides \$2.5 million in FY 2009-10 from the state General Fund for this purpose.

**Background**

The Colorado Housing and Finance Authority (CHFA) is a statutory public entity established to provide loans and other forms of capital to homeowners and small businesses in Colorado. It issues bonds to finance these loans which are repaid from loan payments made by borrowers. CHFA currently receives no state tax dollars and its bonds are not obligations of the state.

This bill reestablishes a credit reserve program first established in 1993 by CHFA and the Economic Development Commission. The program encourages banks to extend credit to Colorado small businesses that may not qualify under normal bank standards by offering matching funds to help cover any losses associated with loans registered in the program.

### **State Revenue and Expenditures**

The bill appropriates \$2.5 million from the state General Fund to the Colorado Economic Development Commission in FY 2009-10. With this money, the commission will contract with CHFA to help secure loans for small businesses in Colorado. To the extent that this bill generates new business loans, it could also generate additional state and local tax revenue from increased business activity in the state. However, the actual impact of this potential activity cannot be determined at this time.

It should be noted that CHFA expects the \$2.5 million in credit reserves to generate roughly \$50 million in lending by financial institutions.

### **State Appropriations**

For FY 2009-10, the bill appropriates \$2,500,000 from the General Fund to the Governor's Office for allocation to the Colorado Office of Economic Development, Colorado Economic Development Commission. No further appropriations are required.

### **Departments Contacted**

Governor            Colorado Housing and Finance Authority