



Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 09-0422
Prime Sponsor(s): Rep. Judd
 Sen. Isgar

Date: June 4, 2009
Bill Status: Signed into Law
Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING THE PROVISION OF ADDITIONAL RESOURCES TO THE DIVISION OF REAL ESTATE TO PROVIDE OVERSIGHT OF CONSERVATION EASEMENTS FOR WHICH A STATE INCOME TAX CREDIT IS CLAIMED.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue General Fund Cash Funds* Conservation Easement Appraisal Review Fund Conservation Easement Holder Certification Fund	Possible Gifts, Grants, and Donations Possible Gifts, Grants, and Donations	
State Expenditures		
FTE Position Change		
Effective Date: The Governor signed the bill into law on February 26, 2009, and unless a referendum petition is filed, the bill will take effect August 5, 2009. The bill affects fees paid by applications submitted on or after that date.		
Appropriation Summary for FY 2009-2010: None required.		
Local Government Impact: None.		

**See the State Revenue and Expenditures section.*

Summary of Legislation

The maximum fee that may be imposed by the Division of Real Estate (Department of Regulatory Agencies) upon an appraiser in connection with submitting a conservation easement appraisal is \$600 per appraisal. Similarly, the maximum fee that may be imposed on an applicant for a qualified conservation easement certificate is \$5,810. These fees cover a three-year period and are established by statute. This bill eliminates the cap on both of these fees and allows for an annual fee, to be set by the division. The fees would cover the costs of the division and the Conservation Easement Oversight Commission in reviewing appraisals of conservation easements and certifying entities that hold conservation easements. The bill also authorizes the Division of Real Estate to accept and expend gifts, grants, and donations to cover such costs.

Background

HB08-1353 established additional requirements to verify the validity of the state income tax credit claimed by a taxpayer for donating a conservation easement. The bill created the Conservation Easement Oversight Commission and provided for a certification program for conservation easement holders. HB08-1353 set a maximum fee of \$600 on appraisers who submit a conservation easement appraisal to the Division of Real Estate, and a fee of up to \$5,810 per applicant for a conservation easement certificate.

State Revenue and Expenditures

New Fee Structure. The bill allows the Division of Real Estate to establish annual fees on appraisers and conservation easement holders that are sufficient to cover the costs of the division and the Conservation Easement Oversight Commission. The division indicates that the number of certification applications and appraisal submissions used to estimate the three-year fee in HB08-1353 may no longer be valid.

While the overall cost of the program identified in the Final Fiscal Note for HB08-1353 remains accurate, giving the division the flexibility to establish annual fees will provide a better approach to covering program expenses. The new fee structure will also prevent the need for General Fund assistance to initially support the program. The fee that the Division sets will be based on a revised number of annual appraiser and conservation easement holder applications.

Changes to Projected Fee Revenue. Over the initial three-year period, fee revenue from appraisers and conservation easement holders is expected to match the three-year estimate of expenses indicated in the fiscal note for HB08-1353. Fees set by the division, however, may still be subject to annual fluctuation based on actual applications and program expenses.

Gifts, Grants, and Donations. The bill provides the Division of Real Estate the authority to accept and expend gifts, grants, and donations to help cover the costs of the division and the Conservation Easement Oversight Commission in administering the certification program for entities that hold conservation easements for which tax credits are claimed. While donations may help offset fee impacts, it is unknown whether or when any donations may occur.

Departments Contacted

Regulatory Agencies