

Colorado Legislative Council Staff Fiscal Note

**FINAL
FISCAL NOTE**

Drafting Number: LLS 09-0653
Prime Sponsor(s): Sen. Isgar
 Rep. Roberts

Date: June 30, 2009
Bill Status: Signed into Law
Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING ADDITIONAL FUNDING FOR AGRICULTURAL ENERGY-RELATED PROJECTS THROUGH THE AGRICULTURE VALUE-ADDED CASH FUND.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue	\$0	\$0
State Transfers or Diversions Transfer from the Severance Tax Trust Fund - Op. Account to the Agricultural Value-Added Cash Fund	(\$500,000)	(\$366,151)
State Expenditures Cash Funds Agricultural Value-Added Cash Fund*	\$500,000	\$366,151
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: The Governor signed the bill into law on May 15, 2009, and it takes effect July 1, 2009.		
Appropriation Summary for FY 2009-2010: None required.		
Local Government Impact: None.		

* *These projected expenditures are based on the Legislative Council staff March 2009 forecast and the package of bills that were passed in the 2009 legislative session affecting allocation of money in the Operational Account of the Severance Tax Trust Fund.*

Summary of Legislation

This bill extends the funding for the Department of Agriculture to promote the feasibility and development of agricultural energy-related projects until FY 2011-12. Under current law, this funding would cease at the close of FY 2008-09.

Background

HB 06-1322 appropriated \$500,000 annually from the Operational Account of the Severance Tax Trust Fund for FY 2006-07 through FY 2008-09 to the Colorado Agricultural Value-Added Development Board to promote agricultural energy-related projects and research. The bill specified that such appropriations would be provided assuming that sufficient funds existed. This appropriation from the Operational Account is categorized by the Department of Natural Resources (DNR) as a "Tier 2" program.

HB 08-1398 established the default mechanism for balancing spending from the Operational Account of the Severance Tax Trust Fund by making proportionate reductions to Tier 2 programs. Based on the March 2009 Legislative Council Staff revenue forecast and the package of bills passed in the 2009 legislative session affecting allocation of this money (including HB09-1199, SB09-106, SB09-124, SB09-125 and SB09-293), no proportional reduction will be necessary for Tier 2 programs in FY 2009-10. However, spending for these programs will be proportionately reduced by 26.8 percent in FY 2010-11.

State Transfers or Diversions

Based on the March 2009 Legislative Council staff forecast, and the package of bills that were passed during the 2009 legislative session, this bill will result in \$500,000 in FY 2009-10 and \$366,151 in FY 2010-11 being transferred from the Operational Account of the Severance Tax Trust Fund to the Agricultural Value-Added Cash Fund. The reduction in the out year will occur because severance tax revenue is expected to be insufficient to fully fund Tier 2 programs.

State Expenditures

Department of Agriculture. This bill requires the department to manage \$500,000 in FY 2009-10 and \$366,151 in FY 2010-11 to promote the feasibility and development of agricultural energy-related projects and research. It is anticipated that any administrative costs associated with administering these grants will be minimal and may be absorbed within existing budgetary resources. Since the Agricultural Value-Added Cash Fund is continuously appropriated to the board, no additional appropriation is required.

Departments Contacted

Agriculture

Natural Resources