

*Colorado Legislative Council Staff Fiscal Note*

**STATE**

**REVISED FISCAL IMPACT**

(replaces fiscal note dated February 20, 2009)

**Drafting Number:** LLS 09-0653

**Date:** March 4, 2009

**Prime Sponsor(s):** Sen. Isgar  
Rep. Roberts

**Bill Status:** House Agriculture

**Fiscal Analyst:** Marc Carey (303-866-4102)

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

<b>Fiscal Impact Summary</b>	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
<b>State Revenue</b>	\$0	\$0
<b>State Expenditures</b>		
Cash Funds		
Agricultural Value-Added Cash Fund	\$307,020	\$309,761
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> July 1, 2009.		
<b>Appropriation Summary for FY 2009-2010:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This reengrossed bill extends the funding for the Department of Agriculture to promote the feasibility and development of agricultural energy-related projects and research 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. Under the DNR's current projections of Operational Account spending based on the December 2008 Legislative Council Staff revenue forecast, Tier 2 programs will be reduced by 37.8 percent in FY 2009-10 and 36.7 percent in FY 2010-11 if no new legislation is passed. The passage of this bill

would increase obligations, and thus increase these percentages to 38.6 percent and 38.0 percent, respectively. Thus, appropriations to the Agricultural Value-Added Cash Fund would be reduced to \$307,020 in FY 2009-10 and \$309,761 in FY 2010-11.

### **State Expenditures**

*Department of Agriculture.* This bill requires the department to manage \$307,020 in FY 2009-10 and \$309,761 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