

REVISED FISCAL IMPACT

(replaces fiscal note dated April 22, 2008)

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Date: April 23, 2008

Prime Sponsor(s): Rep. Buescher
Sen. Isgar

Bill Status: House Appropriations

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TITLE: CONCERNING THE USE OF INTEREST FROM MONEYS IN THE UNCLAIMED PROPERTY TOURISM PROMOTION TRUST FUND FOR STATE AGRICULTURAL EFFORTS, AND, IN CONNECTION THEREWITH, SPECIFYING HOW SUCH MONEYS SHALL BE DISTRIBUTED, CLARIFYING THAT THE DISTRIBUTIONS SHALL BEGIN IN THE 2008-09 STATE FISCAL YEAR, AND CREATING THE AGRICULTURE MANAGEMENT FUND.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue		
State Expenditures* Cash Funds Unclaimed Property Tourism Promotion Trust Fund	See Discussion in State Expenditures Section	
FTE Position Change	3.4 FTE	5.0 FTE
Effective Date: July 1, 2008.		
Appropriation Summary for FY 2008-2009: See State Appropriations section.		
Local Government Impact: None.		

* Under this bill, there are no new net state expenditures, it simply changes the allocation of Unclaimed Property Tourism Promotion Trust Fund interest earnings.

This revised fiscal note fixes technical issues and removes a note concerning uncertainty in the analysis about the use of Colorado Travel and Tourism and Promotion Fund moneys. Funding remains the same.

Summary of Legislation

HB06-1399 changes the allocation of interest earned on the Unclaimed Property Tourism Trust Fund. Under the bill, the moneys will be distributed as follows:

- ▶ **10 percent to the Colorado Travel and Tourism Promotion Fund** – for use by the Colorado Tourism Office to promote agritourism in coordination with the commissioner;
- ▶ **65 percent to the newly created Agriculture Management Fund** – for use by the Commissioner of Agriculture to fund both program and employee costs of agricultural efforts; and

- ▶ **25 percent to the Colorado State Fair Authority Cash Fund** – for use by the Colorado State Fair Authority towards the operation, maintenance, and support of the Colorado State Fair.

Background

The Unclaimed Property Tourism Trust Fund consists of proceeds from the sale of securities determined to be abandoned property. Interest earnings on this fund are credited to the Colorado Travel and Tourism Promotion Fund where the moneys are appropriated per statute. HB06-1384 prioritized the spending of these moneys as follows:

- ▶ pay down State Treasury loans;
- ▶ pay down outstanding debt incurred by the Colorado State Fair Authority to build the events center in Pueblo;
- ▶ upon payment of all debt, provide \$550,000 annually for administrative, operating, and promotional costs of the Colorado State Fair; and
- ▶ any interest earnings remaining after payment of debt and \$550,000 to the Colorado State Fair are to remain in the Colorado Travel and Tourism Promotion Fund for use by the Colorado Tourism Office.

State Expenditures

Unclaimed Property Tourism Promotion Trust Fund. This bill does not create any new state expenditures. It changes the spending of the estimated \$3.3 million in interest earnings on the Unclaimed Property Tourism Promotion Trust Fund. Table 1 indicates the allocation of these moneys based on estimates of remaining Colorado State Fair debt (\$1,006,580).

Table 1: Allocation of Current Unclaimed Property Tourism Fund Interest					
Fiscal Year	Available Funds*	Purpose	Current Law	Under HB08-1399	Difference
FY 2008-09	\$3,300,000	Tourism	\$1,743,420	229,342	(1,514,078)
		Agriculture	0	1,490,723	1,490,723
		State Fair	1,556,580	1,579,935	23,355
FY 2009-10	\$3,448,500	Tourism	2,898,500	344,850	(2,553,650)
		Agriculture	0	2,241,525	2,241,525
		State Fair	550,000	862,125	312,125

* FY 2009-10 based on a 4.5% investment earnings rate.

Agriculture moneys are held in the Agriculture Management Fund and spent as described below. In FY 2008-09, this fiscal note assumes that Colorado State Fair debts will first be paid off completely and then the remaining interest earnings are divided by 10, 65, and 25 percent as stipulated by the bill.

Colorado Tourism and Travel Promotion Fund - Colorado Tourism Office. The Colorado Tourism Office (in the Governor’s Office) does not currently receive any moneys from the Unclaimed Property Tourism Promotion Fund as it is wholly allocated to pay Colorado State Fair debt. However, in FY 2008-09, Colorado State Fair debt will be fully paid off and the office is due to receive a share of the previously diverted moneys. Rather than allowing the distribution of these funds to return to the Colorado Tourism Office, this bill establishes a different mechanism for fund allocation. As a result, the Colorado Tourism Office will receive approximately \$229,342 for the promotion of agritourism in FY 2008-09 and \$344,850 in FY 2009-10. This represents new moneys to the office, but is approximately \$1.5 million less that the office would receive in the absence of this bill.

The office will use these new moneys to develop agritourism promotional materials as described by a memorandum of understanding with the Commissioner of Agriculture. It will require 1.0 FTE to develop, implement, monitor, and measure marketing strategies and promotion efforts. This fiscal note assumes that the personal services and operating expenses for this FTE will be paid out of the existing tourism budget, allowing for the full \$229,342 designated for agritourism promotion to be used for promotional activities. Table 2 indicates the costs associated with this bill.

Table 2. Colorado Tourism Office Costs under HB08-1399		
Cost Components	FY 2008-09	FY 2009-10
Personal Services	\$71,365	\$67,910
<i>FTE</i>	<i>1.0</i>	<i>1.0</i>
Operating and Capital Expenses	4,405	950
Agritourism Promotional Campaign*	229,342	344,850
Colorado Travel and Tourism Promotion Fund	\$300,707	\$412,760
FTE	1.0	1.0

* *Agritourism Promotional Campaign moneys are from the 10 percent allocation of Unclaimed Property Tourism Trust Fund interest earnings.*

Agriculture Management Fund - Department of Agriculture. The Agricultural Management Fund moneys are appropriated for Department of Agriculture programs approved by the Commissioner of Agriculture. In general, the money will be used as follows:

- ▶ **New Employee Costs** – to add several employees to assist the Commissioner, provide expanded marketing capabilities, further noxious weed programs, and streamline computer systems;
- ▶ **Program Support** – to replace diminished grant support for several programs and support several new activities towards these goals: strengthening and advancing Colorado's agriculture industry; ensuring a safe, high quality, and sustainable food supply; and protecting consumers, the environment, and natural resources; and

- ▶ **Existing Employee Costs** –to support the following 6.0 FTE who are currently federally-funded with the Agriculture Management Fund: the homeland security administrator and analyst, a noxious weed specialist, two animal disease technicians, and a marketing database staff person.

Table 3 details how this funding will be used for new personnel, program support, and existing personnel. As the revenue to the fund surpasses expenditures, the excess will be retained for future-year appropriations.

Table 3. Department of Agriculture -Agriculture Management Fund Costs under HB08-1399		
Cost Components	FY 2008-09*	FY 2009-10
<i>New Employee Costs</i>		
Personal Services	\$157,443	\$206,651
<i>FTE</i>	2.4	4.0
Operating Expenses	3,808	6,344
Capital Expenses	13,820	-
Travel	<u>28,742</u>	<u>47,904</u>
<i>New Employee Cost Subtotal</i>	<i>\$203,813</i>	<i>\$260,899</i>
<i>New Program Costs</i>		
Colorado Livestock Security System	\$466,667	\$333,333
Licensing Program Rewriting	-	300,000
Colorado Proud	100,000	125,000
Agriculture Products Utilization and Marketing	100,000	125,000
Advancing Colorado's Renewable Energy Program	-	125,000
Noxious Weed Management Fund	-	200,000
Conservation Board Grant Assistance	<u>200,000</u>	<u>200,000</u>
<i>New Program Cost Subtotal</i>	<i>\$866,667</i>	<i>\$1,408,333</i>
<i>Existing Employee Costs</i>		
Personal Services**	\$250,823	\$399,627
<i>FTE</i>	3.6	6.0
Operating Expenses	5,712	9,516
Capital Expenses	-	-
Travel	<u>21,748</u>	<u>34,344</u>
<i>Existing Employee Cost Subtotal</i>	<i>\$278,283</i>	<i>\$443,487</i>
Agriculture Management Fund	\$1,348,763	\$2,112,719
FTE	6.0	10.0
Agricultural Management Fund Revenue	\$1,490,723	\$2,241,525
Agriculture Management Fund Expenditures	<u>1,348,763</u>	<u>2,112,719</u>
Fund Balance	\$141,960	\$128,806

* FY 2008-09 Agriculture Management Fund costs begin in October of 2008 after payment of Colorado State Fair debt. Costs are annualized in FY 2009-10.

** Personal Services costs for existing employees include expenditures not typically included (those described in the Expenditures Not Included section). These costs are not included in the personal services costs for new employees.

Colorado State Fair Authority Cash Fund – Department of Agriculture. With this bill, the Colorado State Fair Authority continues to receive Unclaimed Property Tourism Trust Fund interest earnings to pay off all Colorado State Fair debt (\$1,006,580). Upon repayment of the debt, the Colorado State Fair will receive 25 percent of Unclaimed Property Tourism Trust Fund interest earnings for operational costs. This amounts to an estimated \$573,355 in FY 2008-09 and \$862,125 in FY 2009-10. It is expected that the amount provided to the Colorado State Fair should be sufficient to cover any outstanding costs. Note that current statute provides \$550,000 annually for the Colorado State Fair beginning in FY 2008-09. Compared to current statute, this bill provides an additional \$23,355 in FY 2008-09 and \$312,125 in FY 2009-10.

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. As indicated in the footnote to Table 3, these expenditures are included for existing personnel. The total expenditures not included for new employees are \$29,868 in FY 2008-09 and \$30,618 in FY 2009-10.

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

State Appropriations

For FY 2008-09, the Department of Agriculture requires \$1,348,763 and 6.0 FTE from the Agriculture Management Fund (and a reduction of 3.6 FTE from federal funds). Additionally, the Governor's Office requires authorization for 1.0 FTE from the Colorado Travel and Tourism Promotion Fund.

Departments Contacted

Agriculture

Governor

Treasurer

JBC Staff