



Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

Drafting Number: LLS 09-0429
Prime Sponsor(s): Sen. Romer
 Rep. Vigil

Date: January 11, 2009
Bill Status: Senate Finance
Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING THE ADMINISTRATION OF THE "PRIVATE ACTIVITY BOND CEILING ALLOCATION ACT".

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: Upon signature of the Governor.		
Appropriation Summary for FY 2009-2010: None required.		
Local Government Impact: See the Local Government Impact Section.		

Summary of Legislation

This bill authorizes the Department of Local Affairs to charge an administrative fee to entities that receive direct allocations of bonding authority as part of the Private Activity Bond (PAB) Ceiling Allocation Act. The bill also allows the department to contract with a private person, corporation, or entity for the administration of the program. Finally, the bill makes changes to certain deadlines for allocation and reporting requirements regarding the program.

Background

The Private Activity Bond Ceiling Allocation Act provides statutory guidance as the result of a cap imposed by the Internal Revenue Code on the amount of federal tax-exempt private activity bonds that may be issued in any year within each state. Bond proceeds can be used for single family mortgages, multi-family rentals, student loans, small manufacturing facilities, non-governmentally owned solid waste disposal facilities, qualified redevelopment bonds, and certain hazardous waste facilities. For CY 2007, Colorado's private activity bond allocation totaled \$404 million. Users included local issuing authorities (various cities and counties), and statewide authorities (Colorado Housing and Finance Authority, CollegeInvest, and the Colorado Agriculture Development Authority). In 2008, the PAB program made four awards to local governments totaling \$44.3 million and two awards to statewide authorities totaling \$165.7 million.

State Revenue

The Department of Local Affairs has historically charged an administrative fee to entities that received bonding authority from the Private Activity Bond Program to cover the administrative costs of the program. Fee revenue is credited to the Private Activity Bond Allocations Fund. Earlier this year, it was brought to the department's attention that current law does not allow the program to impose a fee on local government participants. Since that time, fees on local governments have not been collected. This bill reinstates the department's authority to charge a fee to all program users.

The current administrative fee is set by the department at 0.25 percent (one-quarter of one percent). The fee yielded \$58,625 from CollegeInvest to the Private Activity Bond Allocations Fund during 2008. If the fee is reinstated on local governments, the overall fee structure will be reduced so that total fee revenue from all users covers the total costs associated with the administration of the program. As the fee is re-imposed on future local government users, the fee on CollegeInvest and other covered statewide authorities will be reduced correspondingly.

Local Government Impact

Local governments wishing to issue tax exempt bonds under the state's cap through the Private Activity Bond Program will be assessed an administrative fee by the Department of Local Affairs. In the future, the fee will be set to cover the costs associated with administration of the program by all program participants.

Departments Contacted

Local Affairs

Omissions and Technical or Mechanical Defects

Beginning on page 5, line 26 of the bill, current law should read: "the department may charge an administrative fee to entities other than local governments that receive bonding authority from the committee." The words "*other than local governments*" was unintentionally left out of the printed bill. These words should be shown in the bill with strike type to delete the phrase from statute.