SB12-031

Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL FISCAL IMPACT

Drafting Number:	LLS 12-0098	**Date:**	January 12, 2012
Prime Sponsor(s):	Sen. White	**Bill Status:**	Senate Agriculture
		Fiscal Analyst:	Marc Carey (303-866-4102)

TITLE: CONCERNING FEDERAL MINERAL LEASE DISTRICTS.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: See Local Government Impact Section.		

Summary of Legislation

This bill modifies the statute regarding Federal Mineral Lease (FML) districts created under the provisions of House Bill 11-1218. Specifically, the bill alters both the board membership and powers of a district so the district is clearly independent from the county that created it. Second, the bill specifies that a district may reserve all or a portion of the FML payments received in any given year for use in subsequent years to accommodate the funding of larger scale projects.

Background

Payments in Lieu of Taxes (PILT payments) are federal payments made from the Department of the Interior (DOI) to local governments that help offset losses to a local government property tax base from the existence of federal lands within county borders. PILT payments may be used to fund services such as firefighting, police protection, and public school and road construction.

When the PILT payment program was established, it was structured such that any FML money received by counties would be deducted from the county's PILT payments. Although Senate Bill 08-218 restructured the state's FML revenue distribution system, available information indicates that counties receive FML revenue under this new formula for matters that are their own responsibility. Thus, this revenue must be deducted from the PILT payments received by the county. Opinions from the Government Accountability Office (GAO) stated that the only way for counties to avoid this offset would be if the state or county forwarded the FML distributions to a politically and financially independent school/special service district.

House Bill 11-1218 authorized the creation of FML districts within counties to establish independent special districts for this purpose. However, the preliminary interpretation by DOI is that further clarification of an FML district's jurisdictional independence is needed to avoid the offset.

State Expenditures

Department of Local Affairs (DOLA). This bill creates an additional filing requirement for FML districts to submit to the DOLA should a district be dissolved. In the event of district dissolution, this requirement would create a minimal administrative cost in order to adjust the process for the direct distribution of FML revenues accordingly. This impact is conditional on the dissolution of an FML district.

Local Government Impact

This bill may have a positive fiscal impact for counties in two separate ways. First, the bill further clarifies the separation of FML districts from the counties that choose to create them. This clarification is intended to meet DOI requirements for establishing jurisdictional independence in order to reduce the offset of FML distributions from PILT payments received by counties. This impact is conditional on the DOI agreeing that their independence criteria have been met. In addition, the bill offers districts flexibility concerning when FML distributions may be spent. Allowing districts to "bank" FML revenue for use with larger scale projects may allow for the leveraging of even larger amounts of money, should the district choose to do so.

Departments Contacted

Local Affairs