


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 12-0744
Prime Sponsor(s): Sen. Harvey
 Rep. Nikkel

Date: July 26, 2012
Bill Status: Vetoed by Governor
Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING THE ELIMINATION OF THE LIMIT ON THE NUMBER OF REGIONAL TOURISM PROJECTS THAT THE COLORADO ECONOMIC DEVELOPMENT COMMISSION MAY APPROVE.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue	See State Revenue and Expenditures section.	
State Expenditures		
FTE Position Change		
Effective Date: The bill was vetoed by the Governor on May 4, 2012.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: None.		

Summary of Legislation

Under current law, a total of 6 regional tourism projects may be approved by the Economic Development Commission (EDC) over a period of 3 consecutive years. The bill eliminates restrictions on the number of projects that can be approved in any year, retaining the limit of 6 total project approvals.

Under the bill, the EDC must take action to approve or disapprove pending applications before the EDC may review applications submitted under new requirements.

Background

In 2009, the Regional Tourism Act (Senate Bill 09-173) authorized the EDC to review and approve state sales tax increment financing for up to 2 regional tourism projects. Applicants are local governments that will use incremental growth in state sales tax collections within the project area to finance infrastructure and other improvements for tourism-related development that meets certain criteria and would not reasonably be anticipated to occur in the absence of financing under the Regional Tourism Act. In 2011, the enactment of House Bill 11-1311 authorized the EDC to approve 4 additional projects, on an annual schedule of 2 projects per year. The Regional Tourism Act limits the total amount of state sales tax that may be allocated to local financing entities to \$50 million per tax year.

To date, the EDC has received 6 regional tourism applications for review, but has not acted to approve or disapprove any project. The EDC is currently scheduled to approve up to 2 projects on May 18, 2012. The 6 current applicants (and the applicant's estimated amount of total financing subject to the increment) are:

- City of Aurora, convention center and hotel (\$153 million)
- Douglas County, sports and prehistoric park (\$86.5 million)
- Town of Estes Park, historic lodge redevelopment (\$19.2 million)
- City of Glendale, riverfront development (\$124 million)
- Montrose County, various tourism projects (\$169 million)
- City of Pueblo, riverwalk enhancements (\$35.7 million)

According to submitted application materials, when fully operational, the largest of the proposed regional tourism projects in Colorado may be eligible for over \$5 million per year in state sales tax increment. However, according to a recent consultant report to the EDC, the actual increment that projects would be eligible to receive may be substantially less than the amounts calculated in application materials.

State Revenue and Expenditures

The bill does not modify the \$50 million annual limit on state sales tax revenue diverted to regional tourism financing entities. Assuming all 6 projects approved under current law are economically comparable to the largest projects currently proposed, and also assuming that sales tax generated in regional tourism zones meet the highest projections, the 6 projects would annually divert between \$30 million and \$35 million from the General Fund if and when all 6 projects were fully operational at the same time. Based on the same number of project approvals as under current law, there is no change in the potential impact of regional tourism projects to state General Fund revenue.

The EDC and the Office of Economic Development and International Trade (OEDIT) are currently required to review applications and hold meetings as part of the process to approve up to 2 regional tourism projects per year in 3 successive fiscal years. By eliminating the annual limitation on project approvals, the bill allows the EDC to implement up to 6 regional tourism projects at any time. The OEDIT has dedicated its resources to reviewing 6 projects per year under current law, but with 6 applications already submitted, the pool of future applicants, including potential reapplicants relying on current rules and submittal materials, will be limited by a small number of available project approvals. This fiscal note concludes that current staffing levels at OEDIT are sufficient to implement the bill.

Departments Contacted

Local Affairs
Transportation

Office of Economic Development and International Trade
Office of State Planning and Budgeting