

**STATE and LOCAL
FISCAL IMPACT**

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Prime Sponsor(s): Sen. Tochtrop

Bill Status: Senate Business, Labor and Technology

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TITLE: CONCERNING VERIFICATION OF REMEDIATION PERFORMED ON PROPERTY CONTAMINATED BY AN ILLEGAL DRUG LABORATORY.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
Cash Funds	<u>\$25,425</u>	<u>\$73,525</u>
Methamphetamine Laboratory Clean-up Cash Fund	24,154	69,849
Judicial Stabilization Cash Fund	1,271	3,676
State Expenditures	<u>\$287,292</u>	<u>\$259,018</u>
General Fund	263,138	189,169
Cash Funds		
Methamphetamine Laboratory Clean-up Cash Fund	24,154	69,849
FTE Position Change	0.8 FTE	0.5 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: Expenditure increase - see Local Government Impact section.		

Summary of Legislation

This bill creates a process to verify and certify the remediation of properties contaminated by methamphetamine (meth) labs. Upon receipt of documentation that a property owner has completed the remediation to the State Board of Health's (board) standards, the relevant local government has 10 days to retest the property to confirm compliance. Property owners may either be issued a certificate of compliance or be notified in writing of non-compliance. Property owners that receive certification may be exempted from liability. Upon receipt of a notice that the property did not meet clean-up standards, the owner has 90 days to remediate or destroy the property. If no response is received within 90 days, an action to abate a class 1 public nuisance is to be filed.

Persons convicted of or receiving a deferred sentence for a meth-related crime are required to pay a surcharge of between \$50 and \$500. The court is to retain 5 percent of moneys for administrative purposes, with the remaining 95 percent credited to the newly established Methamphetamine Laboratory Clean-up Cash Fund. The board is authorized to promulgate rules to establish procedures for reviewing applications and reimbursing local governments for costs to enforce the new process.

State Revenue

This bill is anticipated to increase state cash fund revenue by \$25,425 in FY 2012-13 and \$73,525 in FY 2013-14. This analysis assumes:

- an average of 700 offenders will be convicted of meth-related use or possession charges per year and be assessed a fine of \$250 each;
- an estimated 1,350 offenders will be convicted of meth-related sales, manufacturing, or distribution charges per year and be assessed a fine of \$500 each;
- 46 percent of offenders in the first year and 87 percent of offenders in the second year will have convictions for crimes that occur after the bill's effective date;
- 35 percent of offenders will be deemed indigent and assessed the minimum fine of \$50, but the state will not collect these moneys; and
- current fine collection rates of 10 percent of each year's revenue will be received in the first year, with 10 percent paid in each successive year.

Of the total revenue received in FY 2012-13, 5 percent or \$1,271 will be retained by the Judicial Department and credited to the Judicial Stabilization Cash Fund. The remaining 95 percent or \$24,154 will be credited to the Methamphetamine Laboratory Clean-up Cash Fund and appropriated to the Department of Public Health and Environment (DPHE). In FY 2013-14, a total of \$3,676 will be retained by the Judicial Department and \$69,849 should be appropriated to DPHE.

State Expenditures

This bill is anticipated to increase state expenditures by \$287,292 in FY 2012-13 and \$259,018 in FY 2013-14 as shown in Table 1 and discussed below. The fiscal note assumes there will be insufficient cash fund revenues to pay the increase in state expenditures, requiring General Fund backfill.

Table 1. Expenditures Under SB12-162		
Cost Components	FY 2012-13	FY 2013-14
Personal Services	\$45,764	\$28,543
FTE	0.8	0.5
Operating Expenses	665	475
Capital Outlay	3,292	-
Legal Services	7,571	-
Reimbursements to Local Governments	230,000	230,000
TOTAL	\$287,292	\$259,018
General Fund	263,138	189,169
Cash Funds	24,154	69,849

Department of Public Health and Environment. DPHE is responsible for implementing program rules, providing technical assistance and program oversight, and reimbursing local government expenditures. Personal services, operating, and capital outlay costs for 0.7 FTE are required at a total cost of \$49,721 in FY 2012-13. In FY 2013-14, a total of 0.5 FTE and \$29,018 are required.

Legal services. An estimated 100 hours of legal services are required in FY 2012-13 to assist in the rule making procedure. Legal services are paid at the blended rate of \$75.71 per hour and include an allocation of 0.1 FTE in the Department of Law.

Reimbursements to local governments. This analysis assumes the average cost to retest a property will be \$1,150 (\$850 for a contractor to conduct an inspection and \$300 for sample testing) and that 200 properties will be retested each year.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under SB*		
Cost Components	FY 2012-13	FY 2013-14
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,308	\$3,070
Supplemental Employee Retirement Payments	2,723	1,752
TOTAL	\$7,031	\$4,822

*More information is available at: <http://colorado.gov/fiscalnotes>

Local Government Impact

Local governments are required to:

- process applications for review of remediation of contaminated properties;
- retest properties;
- issue certifications of compliance where applicable;
- follow-up in writing with owners of non-compliant properties; and
- file an action to abate a class 1 public nuisance if a property is not remediated or destroyed 90 days after the written notification.

The fiscal note assumes local governments will experience an increase in workload and costs to promulgate rules and follow the new requirements. However, as of this writing, no information about the specific increases in workload and costs for any unit of local government was available.

The fiscal note shows estimated annual reimbursements to local governments of \$230,000, which is calculated based on an assumption that 200 properties will be retested at an estimated cost of \$1,150 per property. It is assumed that any costs related to personal services, travel, or legal actions will be borne by the affected unit of local government.

State Appropriations

For FY 2012-13, the Department of Public Health and Environment should be appropriated a total of \$287,292, including \$263,138 General Fund and \$24,154 cash funds from the Methamphetamine Laboratory Clean-up Cash Fund. Of this amount, \$7,571 should be reappropriated to the Department of Law. The Department of Public Health and Environment requires an allocation of 0.7 FTE and the Department of Law requires an allocation of 0.1 FTE

The Judicial Department does not require a new appropriation as it has sufficient spending authority from the Judicial Stabilization Cash Fund.

Departments Contacted

Judicial

Local Affairs

Public Health and Environment