



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

Drafting Number: LLS 12-0558
Prime Sponsor(s): Rep. Kerr A.
 Sen. Hodge

Date: January 24, 2012
Bill Status: House Local Government
Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING REGIONAL TOURISM PROJECT APPLICATION REQUIREMENTS UNDER THE "COLORADO REGIONAL TOURISM ACT", AND, IN CONNECTION THEREWITH, SPECIFYING SUBJECTS TO BE ANALYZED BY A THIRD-PARTY ANALYST WHO IS REQUIRED TO ANALYZE AN APPLICATION, REQUIRING AN APPLICANT TO DEMONSTRATE THAT A SIGNIFICANT PORTION OF THE SALES TAX REVENUE TO BE GENERATED BY A PROJECT WILL BE ATTRIBUTABLE TO TRANSACTIONS WITH NONRESIDENTS OF THE STATE, AND REQUIRING THE DIRECTOR OF THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT AND THE COLORADO ECONOMIC DEVELOPMENT COMMISSION TO CONSIDER INPUT FROM SPECIFIED SOURCES WHEN REVIEWING AN APPLICATION.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue General Fund	\$350,000	
State Expenditures General Fund	\$350,000	
FTE Position Change		
Effective Date: August 7, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

Under current law, the Economic Development Commission (EDC) reviews proposals for regional tourism projects after the completion of an economic report by a third-party analyst. The third-party analyst is selected from a list of qualified, responsive bidders by the Office of State Planning and Budgeting (OSPB), but that analyst is reimbursed directly by the applicant.

This bill modifies the regional tourism project application review process as it relates to the scope of the third-party analyst's report and reimbursement of the third-party analyst. Under the bill, the third-party analyst must:

- assess assumptions used to derive tourism revenue projections;
- calculate an anticipated sales tax increment attributable to the project;

- if applicable, calculate portions of the increment to be allocated to each participant in a multi-party application; and
- assess the probability that the project would occur without tax increment financing as a regional tourism project.

The bill requires OSPB to collect an application fee, which fee will include an amount to reimburse the third-party analyst. Applicants will no longer pay for the third-party analyst report directly.

Background

Regional tourism authorities are the product of legislation passed in 2009. Following the enactment of Senate Bill 09-173, seven applications were submitted to the EDC, each applicant having paid about \$24,000 for a third-party review of economic assumptions and effects. Given a high level of interest expressed by actual and potential applicants, House Bill 11-1311 expanded the number of projects that may be approved by the EDC, allowing two regional tourism projects to be approved initially, with two additional projects (one per year) in FY 2013-14 and FY 2014-15. As of this writing, no regional tourism projects have been given final review or approval.

State Revenue

Application fees will generate \$350,000 in General Fund revenue in FY 2012-13. Due to additional review tasks required by the bill, the reimbursement for third-party analysts will increase to no more than \$35,000 per project. Up to 10 new applications are anticipated in FY 2012-13, bringing in an estimated \$350,000 in fee revenue.

While statutes authorizing regional tourism projects do not establish a deadline for applications or repeal date for the program, the fiscal note assumes that the four regional tourism projects currently authorized by law will be drawn from current applicants and the 10 applications anticipated in FY 2012-13, with no applications in FY 2013-14 or subsequent years.

Fee Impact on Local Government

Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. The table below identifies the fee impact of this bill.

Table 1. Fee Impact on Local Government					
Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
Regional Tourism Project Application Fee	\$24,000*	\$35,000	\$11,000	10	\$110,000
TOTAL					\$110,000

* Under current law, regional tourism projects are assessed review costs directly from the third-party analyst. This bill formalizes the reimbursement of the third-party analyst as part of an application fee to be collected by OSPB. No fee is collected by the state under current law, therefore the total fee impact in terms of collected revenue is \$350,000.

State Expenditures

To reimburse contractors serving as third-party analysts, OSPB will expend \$350,000 in FY 2012-13, reflecting the amount collected by OSPB as fees collected from applicants. General Fund spending authority is required for OSPB to perform the reimbursement. In the event that fewer applications are received than projected by this fiscal note, excess spending authority will be reverted, rather than used for other purposes, by OSPB. If the number of applicants or costs of review exceed current projections, OSPB will seek additional spending authority through the budget process.

Local Government Impact

Local governments that elect to create a financing entity under the Regional Tourism Act and apply to OEDIT for review will be subject to the cost of a more comprehensive third-party review than contemplated under current law. Regional Tourism Authority applicants have recently been charged \$24,000 for third-party review; this fee is expected to increase to a maximum of \$35,000 under the bill.

State Appropriations

The Office of State Planning and Budgeting requires a General Fund appropriation of \$350,000 for FY 2012-13.

Departments Contacted

Local Affairs Governor	Revenue Transportation	Office of State Planning and Budgeting Office of Economic Development
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