

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0469	Date: January 22, 2014
Prime Sponsor(s): Sen. Steadman; Harvey	Bill Status: Senate Local Government
	Fiscal Analyst: Alex Schatz (303-866-4375)

SHORT TITLE: METRO DISTRICT CONSERVATION TRUST FUND ALLOCATIONS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
Cash Funds**	\$23,429	
State Expenditures		
Cash Funds	\$23,429	
FTE Position Change		
Appropriation Required: \$23,429 cash funds - Multiple agencies (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year.

** This amount represents gifts, grants, and donations required to cover the costs of implementing this bill. See the discussion of assumptions in the State Expenditures section.

Summary of Legislation

Under current law, metropolitan districts and other special districts receive a half-share distribution of moneys from the Conservation Trust Fund (CTF), with the other half-share allocated to the incorporated municipality or unincorporated county in which the metropolitan district is located. The bill allows certain metropolitan districts that provide parks and recreation services to receive a full share apportionment.

To be eligible for a full share CTF distribution, the full share amount must be at least \$7,500. In addition, an eligible metropolitan district must have:

- at least 10,000 residents according to the July 1, 2013, state demographer's population estimate;
- only elected board members; and
- only parks and recreation facilities that are open to the general public.

After informing the Division of Local Government (DLG) in the Department of Local Affairs (DOLA) of its election to receive a full share during the annual CTF certification process, eligible metropolitan districts receive four-sixths and five-sixths share distributions in the first two years, and a full share in the third and subsequent years.

The bill creates the Conservation Trust Fund Allocation Expense Fund and authorizes the department to seek and accept gifts, grants, and donations to implement the bill, subject to appropriation by the General Assembly.

Background

According to the state constitution, 40 percent of the net proceeds of the Colorado Lottery are distributed to the CTF, administered by the DLG. The DLG is responsible for the distribution of CTF moneys to certain local governments according to a nondiscretionary, statutory formula. The department is also authorized to use CTF moneys for its direct and indirect costs in the administration of CTF distributions.

The total CTF distribution is divided on a per capita basis, with counties receiving the gross county share based on the unincorporated population of the county, and municipalities receiving a gross municipal share based on their incorporated population. Counties and municipalities must share one-half the per capita distribution from their gross share with any overlapping special districts providing parks and recreation services. Once a local government avails itself of CTF distributions by creating a designated CTF account and following basic certification procedures, the distribution of CTF funds is entirely dependent on population.

The CTF program awarded a total of \$55,355,227 to all eligible local government entities in 2013. There are at least 135 special districts, including metropolitan districts, that participate in the CTF program. Colorado has 88 metropolitan districts that receive CTF funds, of which 44 districts are located entirely in unincorporated areas. Based on statewide population trends, the CTF distribution to metropolitan districts with territory inside municipal boundaries is substantially higher than that of metropolitan districts located entirely in unincorporated areas.

State Revenue

Gifts, grants, and donations collected by DOLA for the purposes of implementing the bill will be credited to the Conservation Trust Fund Allocation Expense Fund. The fund must receive \$23,429 in FY 2013-14 to enable the appropriation assumed in this fiscal note.

State Expenditures

For DOLA, modification of the CTF database system to accommodate treatment of unincorporated metropolitan district areas as a full share CTF distribution involves a one-time increase of \$23,429 in FY 2014-15. Table 1 summarizes the cost components to implement the bill.

Assumptions. Reprogramming the CTF system occurs in the first half of FY 2014-15. The system will accommodate opt-in of eligible metropolitan districts by December 31, 2014, when certifications for calendar year 2015 CTF distributions are due. Annual distributions from the CTF accrue in March of each year.

If adequate funding to implement the bill is not received through gifts, grants, and donations, DOLA will be required to seek through the annual budget process an equivalent appropriation from net lottery proceeds transferred to the Conservation Trust Fund. Such an appropriation would reduce state expenditures for CTF distributions by an equivalent amount in FY 2014-15.

Table 1. Expenditures Under HB 14-066	
Cost Components	FY 2014-15
<i>Department of Local Affairs</i>	
Program analyst (GP III) (100 hrs.)	2,469
Programming (80 hrs*\$74/hr) (OIT)	8,240
Business Analyst (120 hrs*\$106/hr) (OIT)	12,720
TOTAL	\$23,429

Department of Local Affairs. DOLA's workload will increase for a CTF program staff expert to provide direction to OIT, periodic progress review, and testing of the revised distribution process. This task will increase personal services costs in the DLG by 100 hours for a General Professional III. Subject to assumptions stated above, DOLA's total costs of \$23,429 are appropriated from the Conservation Trust Fund Allocation Expense Fund.

Under the guidance and direction of DOLA, the Office of Information Technology (OIT) will modify the distribution formula in the CTF database and other CTF distribution processes. For OIT, this increased workload includes adding new database fields to recognize the special status of certain metropolitan districts, to revise the calculation model for distributions, and to test revised programming. OIT costs of \$20,960 are reappropriated from DOLA.

Local Government Impact

Assuming that state expenditures are funded through gifts, grants, and donations, the bill does not affect total CTF distributions to local governments. Instead, the bill redistributes CTF moneys, with two county governments receiving \$212,427 less in aggregate and two metropolitan districts receiving an aggregate increase of the same amount. Table 2 lists estimated changes in CTF distribution to each affected local government.

Table 2. Estimated Change in FY 2014-15 CTF Distribution to Local Governments Under SB 14-066		
County	Affected Local Government	Change in CTF Distribution
Jefferson	Ken-Caryl Ranch Metropolitan District	\$57,588
	Jefferson County	(57,588)
Pueblo	Pueblo West Metropolitan District	154,839
	Pueblo County	(154,839)

* This table reflects implementation of the bill based on 2011 population data and 2013 CTF distribution data for metropolitan districts located entirely in unincorporated areas, as reported by the Department of Local Affairs.

Effective Date

The bill takes effect July 1, 2014.

State Appropriations

In FY 2014-15, the Department of Local Affairs requires a cash fund appropriation of \$23,429 from the Conservation Trust Fund Allocation Expense Fund. Of this amount, \$20,960 is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Local Affairs
Counties

Office of Information Technology
Municipalities

Special Districts