

Colorado Legislative Council Staff Fiscal Note



STATE and LOCAL FISCAL IMPACT

Drafting Number: LLS 14-0151
Prime Sponsor(s): Rep. Rankin
 Sen. Roberts

Date: January 28, 2014
Bill Status: House Agriculture
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SHORT TITLE: FEDERAL LAND COORDINATION

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	<u>\$236,396</u>	<u>\$228,076</u>
Cash Funds		
Mineral Leasing Fund	172,011	162,605
Centrally Appropriated Costs**	64,385	65,471
FTE Position Change	2.0 FTE	2.0 FTE
Appropriation Required: \$172,011 - Department of Local Affairs (FY 2014-15)		

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

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

This bill creates the Division of Federal Land Coordination (the division) in the Department of Local Affairs (DOLA), to provide statewide coordination and management of responses to federal land decisions that impact state or local interests. Such land decisions include federal actions related to agriculture, fire suppression and prevention, mineral resources, recreation, environment, wildlife, and water.

The new division will be lead by a chief coordinator, who may request assistance from the Departments of Agriculture and Natural Resources, or the Colorado Offices of Tourism, Energy, Economic Development, or any other impacted state agency. The chief coordinator has the exclusive authority to adopt rules for the division. The chief coordinator is also selects and prioritizes the federal land decisions likely to have significant economic or socioeconomic impacts in the state.

The bill also creates the Federal Land Coordination Task Force to be convened by the chief coordinator for each federal land decision the division has prioritized for a coordinated response. Each task force is to be comprised of persons drawn from state agencies and of persons nominated for participation by boards of county commissioners. Local members of a task force may be reimbursed for travel and other reasonable expenses. In addition to other powers, a task force may recommend that local governments receive a grant from the Mineral Leasing Fund administered by DOLA.

Whenever required by the chief coordinator, the Office of Economic Development (OEDIT) must perform an economic analysis of federal land decisions and include an explanation of the impacts on state or local governments, government revenue, jobs, vital industries, tourism, or other impacts identified by the office. Finally, the bill authorizes funding for the new division from the Mineral Leasing Fund.

Background

The DOLA manages the Energy and Mineral Impact Assistance Program to assist political subdivisions that are socially or economically impacted by the development, processing, or energy conversion of minerals and mineral fuels. Moneys for the program come from the state severance tax on energy and mineral production and from a portion of the state's share of royalties paid by the federal government for mining and drilling on federally-owned land.

Grants and other distributions to local governments are paid from the Mineral Leasing Fund. Eligible entities include municipalities, counties, school districts, special districts, and other political subdivisions and state agencies. The kinds of projects that are funded include water and sewer improvements, road improvements, construction or improvements to recreation centers, senior centers and other public facilities, fire protection buildings and equipment, and local government planning. As of January 2014, the Mineral Leasing Fund has a cash balance of about \$42.2 million.

State Expenditures

Creating the Division of Federal Land Coordination in the DOLA increases state expenditures by \$236,396 and 2.0 FTE in FY 2014-15. For FY 2015-16, state expenditures are increased by \$228,076 and 2.0 FTE. The bill's costs are displayed in Table 1 and described below.

Table 1. Expenditures Under HB 14-1150		
Cost Components	FY 2014-15	FY 2015-16
Personal Services	\$134,684	\$134,684
FTE	2.0	2.0
Operating Expenses and Capital Outlay Costs	11,306	1,900
Legal Services	5,465	5,465
Printing and Postage	2,220	2,220
Travel and Board Expenses	18,336	18,336
Centrally Appropriated Costs*	64,385	65,471
TOTAL	\$236,396	\$228,076

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Local Affairs. The DOLA requires staff to create and manage the new division. The DOLA will hire 1.0 FTE coordinator at the GP VI level and 1.0 FTE administrative support at the Program Assistant I level. Staffing assumptions presume the new division will coordinate six federal land decisions annually.

Staff will work to identify the extent of state and local jurisdiction over federal lands, research current and potential federal land decisions, organize affected state agencies and impacted local governments, prioritize federal land decisions for consideration by the Federal Land Coordination Task Force, provide staff support to the task force, and work with the OEDIT to perform economic analysis of federal land decisions. The division will also have expenses for travel and task force expenses, and costs in obtaining legal services from the Department of Law.

Other state agencies. The chief coordinator of the division may request assistance from the Department of Agriculture, the Department of Natural Resources, the Colorado Tourism Office, the Colorado Energy Office, the OEDIT, or any other affected state agency. He or she may also request participation on the coordination task force. It is assumed these agencies are currently involved in the coordination and planning process related to federal land decisions in Colorado. Assisting the new division and participating in task force discussions is a minimal increase in workload that can be accomplished within existing appropriations.

Office of Economic Development and International Trade. The OEDIT will have increased costs to perform economic analysis of federal land decisions. This expense is conditioned on future actions of the division and the cost for each analysis will depend on the type and depth of research required. The OEDIT does not have existing expertise to perform analysis of federal land decisions and will need to contract for these services when asked by the Chief Coordinator.

A minimal expectation of cost is \$20,000 per analysis; should the division request an analysis for 6 federal land use decisions, annual costs could reach \$120,000; however, the actual cost is conditioned on the number of economic analysis the division actually requests. If the new division requires increased work from OEDIT, the DOLA must seek additional funding via the annual budget process, which then needs to be reappropriated to the OEDIT.

Centrally appropriated costs. 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 estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB 14-1500*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$9,108	\$9,108
Supplemental Employee Retirement Payments	9,353	10,439
Indirect Costs	40,405	40,405
Leased Space	5,519	5,519
TOTAL	\$64,385	\$65,471

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

Local Government Impact

Local governments will have a state coordination process to assist with creating responses to federal land decisions. As the coordination and planning process related to federal land decisions is an ongoing activity for local governments, the bill is not anticipated to change existing workload.

The bill also changes local revenue, as local officials who participate on the coordination task force are reimbursed for travel expenses. Additionally, the task force may recommend that grant funding from the Mineral Leasing Fund be made available for research conducted by a local government related to impacts of federal land decisions.

Finally, the bill provides funding for the new division in DOLA from moneys in the Mineral Leasing Fund, therefore reducing the amount of funding available for awards to local governments.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2014-15, this bill requires a cash fund appropriation of \$172,011 and 2.0 FTE from the Mineral Leasing Fund to the Department of Local Affairs. Of this amount, the Department of Law requires \$5,465 in reappropriated funds.

State and Local Government Contacts

Agriculture
Energy Office
Natural Resources

Cities
Local Affairs
Economic Development

Counties
Military Affairs