

*Colorado Legislative Council Staff Fiscal Note*

**FINAL  
FISCAL NOTE**

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| <b>Drafting Number:</b> LLS 15-0809                              | <b>Date:</b> June 22, 2015                        |
| <b>Prime Sponsor(s):</b> Rep. Becker K.<br>Sen. Kerr; Merrifield | <b>Bill Status:</b> Signed into Law               |
|  | <b>Fiscal Analyst:</b> Alex Schatz (303-866-4375) |

**BILL TOPIC:** AUTHORITY TO SELL STATE TRUST LANDS TO LOCAL GOV

| <b>Fiscal Impact Summary*</b>        | <b>FY 2015-2016</b>                       | <b>FY 2016-2017</b> |
|--------------------------------------|---|---------------------|
| <b>State Revenue</b>                 | Increase.                                 |                     |
| <b>State Expenditures</b>            | Increase. See State Expenditures section. |                     |
| <b>FTE Position Change</b>           |   |                     |
| <b>Appropriation Required:</b> None. |   |                     |

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

**Summary of Legislation**

Under current law, the State Land Board (SLB) in the Department of Natural Resources has statutory authority, to be repealed on July 1, 2015, that allows it to convey land directly to a local government up to twice in a fiscal year. This bill makes permanent the SLB's authority to make two such conveyances in each fiscal year, provided that, on January 6, 2020, the SLB files a written report concerning all land disposed of using this authority. Land disposal authority will sunset on July 1, 2020, if this report is not filed.

**Background**

The SLB's authority to convey land directly to local governments was enacted by House Bill 10-1165. The SLB must receive fair market value for the property in cash or other exchange value, and the SLB must comply with other statutory criteria and procedures. Since HB 10-1165 took effect, the SLB has entered into 6 transactions with local governments, involving 2,731 acres and \$18.8 million in total exchange value.

Property sales are exempt from TABOR.

**State Revenue**

Continued sales of SLB property to local governments will increase state revenue. Any state revenue increase depends on future SLB decisions to sell property to a local government and will be limited to the proceeds of no more than two such sales per fiscal year. The value of parcels subject to future transactions is unknown.

The proceeds of all SLB property sales must be reinvested in land purchases or, after two years, revert to the Public School Fund maintained by the SLB. It is anticipated that the majority of funds will be reinvested, but, on occasion, the bill may result in an increase of state revenue to the Public School Fund.

### **State Expenditures**

For FY 2015-16 and future fiscal years, assuming the written report is filed on January 6, 2020, the bill increases SLB expenditures in two ways. First, continued funding from the proceeds of land sales to local governments increases state expenditures on property acquisitions by the SLB. Second, costs and workload associated with property transactions will increase, including costs for due diligence, appraisals, notices, and hearings. Because the bill limits the SLB to two direct sales to local governments per fiscal year, the overall increase in transaction costs is expected to be minimal. No change in appropriations is required for SLB to implement the bill.

### **Local Government Impact**

Local government expenditures will increase under the bill. In up to two transactions per year, a local government will finance the acquisition of land from the SLB with cash, assets (such as another parcel of land), or a combination of both equal to the transaction value. Local government expenditures may also increase to the extent that due diligence and other transactional costs are assumed by, or assigned to, the local government in the process of completing a property acquisition from the SLB.

### **Effective Date**

The bill was signed into law by the Governor and took effect on May 11, 2015.

### **State and Local Government Contacts**

Natural Resources  
Personnel and Administration  
Special Districts

Local Affairs  
Municipalities

Law  
Counties