

Colorado Legislative Council Staff Fiscal Note

**FINAL
FISCAL NOTE**

Drafting Number: LLS 15-0699	Date: August 12, 2015
Prime Sponsor(s): Rep. Willett; Becker K. Sen. Donovan	Bill Status: Postponed Indefinitely
	Fiscal Analyst: Louis Pino (303-866-3556)

BILL TOPIC: RURAL ECONOMIC DEVELOPMENT INITIATIVE GRANT PROG

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	\$75,030	\$78,262
General Fund	\$63,202	\$64,749
Centrally Appropriated Costs**	\$11,828	\$13,513
FTE Position Change	0.9 FTE	1.0 FTE
Appropriation Required: \$63,202 - DOLA.		

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

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

Summary of Legislation

This bill creates the Rural Economic Development Initiative (REDI) Grant Program in the Department of Local Affairs (DOLA) and provides \$2,250,000 for grants from the Local Government Mineral Impact fund for FYs 2015-16, 2016-17, and FY 2017-18. The REDI program will award grants to local governments located inside a highly distressed rural county for infrastructure needs and to partner with private employers to support business expansion projects and training programs.

The bill defines a distressed rural county as a county with a population of less than 175,000 and meeting two of the three following criteria:

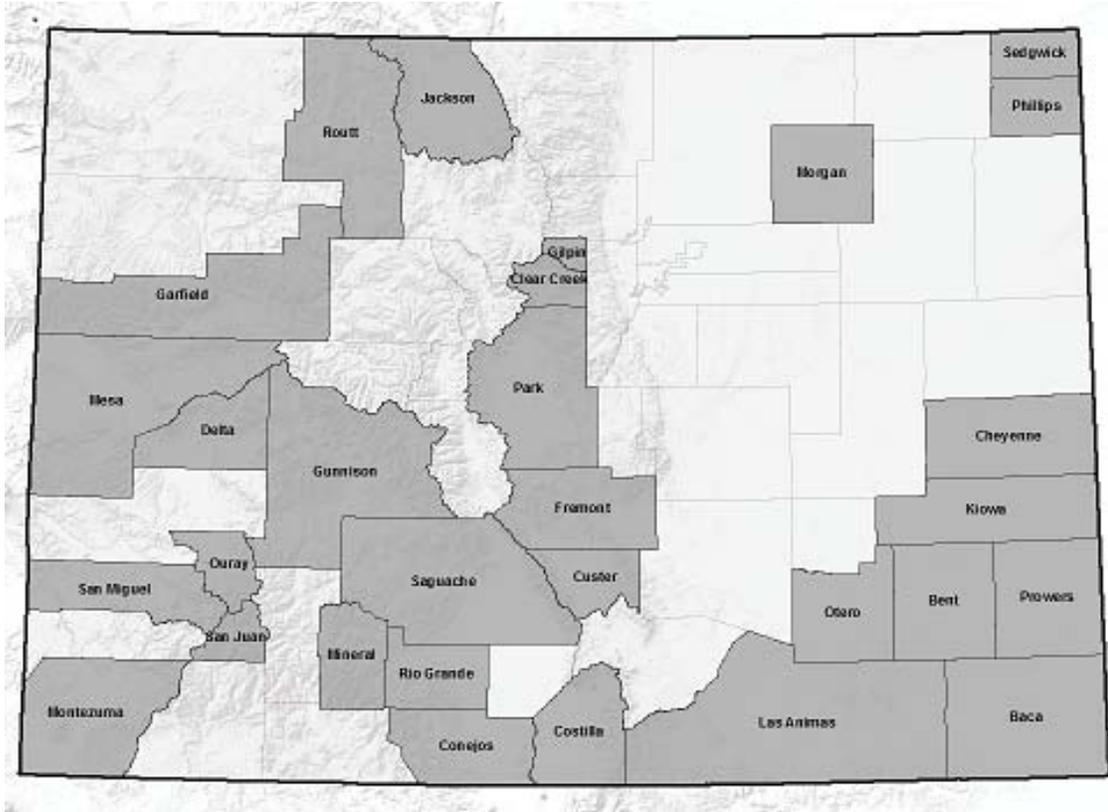
- an annual percent change in employment that is less than the state's annual percent change in employment;
- an annual percent change in total assessed value of property that is less than the state's annual percent change in assessed value; or
- a percentage of pupils eligible for free lunch that is greater than the statewide average.

Rural counties that meet the above criteria are then ranked from lowest to highest based on their total sum annual percentage change in population, employment, weekly wage, and number of establishments. Local governments located in the 30 most highly distressed rural counties are eligible to apply for a grant. The bill requires the DOLA to use the most recent data, provided by Legislative Council staff, for identifying the 30 most highly distressed rural counties.

Any Long Bill General Fund appropriation to the REDI program must be administered consistent with this bill and may not be used for the administration of the program.

Figure 1, below, shows the highly distressed rural counties for FY 2015-16, as defined under HB15-1177.

Figure 1.
FY 2015-16 Highly Distressed Rural Counties under HB15-1177*



Source: Legislative Council

* Eligible counties are subject to change each year based on the latest data.

Local governments that receive a REDI grant may use the money for infrastructure needs to attract new jobs or to provide employee training. The bill requires REDI grant recipients to provide a dollar for dollar match and it also specifies that grants are awarded for reimbursement of moneys already spent. DOLA will accept, evaluate, and select the projects from the qualified local governments and private employers. The REDI grants are competitive and the DOLA is not required to issue grants in each of the highly distressed rural counties. On or before August 1, 2015, the bill requires DOLA to formally announce on its website that \$2,250,00 will be available for the REDI program .

On or before November 1, the bill requires the director of DOLA to submit a report to the finance committees of the General Assembly. The report will summarize how the REDI grant money was spent in the prior year.

Background

Senate Bill 13-230 (Long Appropriation Bill) provided \$3.0 million in FY 2013-14 to the Department of Local Affairs (DOLA) for the administration of a REDI grant program to help eligible rural communities diversify their economies. In FY 2014-15 DOLA was appropriated another

\$3.0 million for the program. To qualify, projects must be located in an eligible rural community and show evidence that their economy is dependent on a single large employer. The eligibility requirements for the current REDI grant program are different than under this bill. The current program is administered jointly by DOLA and OEDIT. DOLA supports local governments with infrastructure project development and grant management resources, while OEDIT provides expertise in economic development. The FY 2015-16 long bill includes \$750,000 for the REDI grant program.

State Expenditures

The bill will increase state expenditures by \$103,463 and 0.9 FTE in FY 2015-16, and \$110,021 and 1.0 FTE each year after until FY 2018-19. New expenditures are for program administration and to provide REDI grants to local government located in highly distressed rural counties. Total expenditures are displayed in Table 1 and described below.

Table 1 . Expenditures Under HB15-1177		
Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$58,058	\$63,799
FTE	0.9 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	\$5,144	\$950
Centrally Appropriated Costs*	\$11,828	\$13,513
TOTAL	\$75,030	\$78,262

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

DOLA — DOLA will require 1.0 FTE to administer the program. The program is currently being managed by 1.0 FTE. Qualified communities may request DOLA expertise and staff support for project development, grant management and performance evaluation.

Legislative Council Staff — The bill requires the economics staff of the Legislative Council to provide the OEDIT with the most recent economic data for identifying highly distressed rural counties. This assistance will increase workload but can be accomplished within existing appropriations since the data are already collected by Legislative Council Staff for other purposes.

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 HB15-1177*		
Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$7,328	\$8,053
Supplemental Employee Retirement Payments	\$4,500	\$13,513
TOTAL	\$11,828	\$106,327

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

Local Government Impact

The bill will increase expenditures for a local government located inside an eligible county that chooses to apply for a grant. A local government that applies for a REDI grant will also receive additional revenue if they are selected for the grant. The bill requires grant recipients to provide a dollar match if they are selected as well as specify that the grants are reimbursements for moneys already spent.

Finally, the bill provides funding for the REDI program from moneys in the Local Government Mineral Impact fund, therefore reducing the amount of funding available for local governments that don't fall within a distressed county.

Effective Date

The bill was postponed indefinitely by the Senate Business, Labor, and Technology Committee on May 4, 2015.

State Appropriations

For FY 2015-16, this bill will require a \$63,202 appropriation from the General Fund to DOLA for 1.0 FTE.

State and Local Government Contacts

Counties/Municipalities

Local Affairs

Governor's Office