

Colorado Legislative Council Staff Fiscal Note

**FINAL
FISCAL NOTE**

Drafting Number: LLS 15-0847	Date: July 8, 2015
Prime Sponsor(s): Rep. Duran; Becker J. Sen. Sonnenberg; Steadman	Bill Status: Signed into Law
	Fiscal Analyst: Kori Donaldson (303-866-4976)

BILL TOPIC: FUND NATIONAL WESTERN CENTER AND CAPITOL COMPLEX PROJECTS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017	FY 2019-20
State Revenue			<u>\$0</u>
State Transfers			
General Fund			(20,000,000)
Various Cash Funds			20,000,000
State Expenditures			up to \$20,000,000
FTE Position Change			
Appropriation Required: None.			

** This summary shows changes from current law under the bill for each fiscal year. Transfers and diversions result in no net change to state revenue. Parentheses indicate a decrease in funds.*

Summary of Legislation

Effective July 1, 2019, the bill authorizes the State Treasurer to enter into one or more lease-purchase agreements on behalf of Colorado State University (CSU) for a period of up to 20 years to construct facilities at the National Western Center and the CSU main campus. The bill creates two funds: the National Western Center Trust Fund and the Capitol Complex Master Plan (CCMP) Implementation Fund. Moneys to the funds are transferred from the General Fund. Moneys in the National Western Center Trust Fund may be spent to make annual lease-purchase payments. Moneys in the CCMP Implementation Fund may be spent to fund projects included in the CCMP, subject to the standard capital project review and approval process. Beginning August 1, 2016, the bill establishes an annual reporting requirement to the Governor and various members of legislative leadership about the progress of the redevelopment of the National Western Center.

Background

National Western Center Master Plan. The National Western Center Master Plan is a plan completed in December 2014 to redevelop the National Western Stock Show grounds and surrounding area in north Denver. The master plan was undertaken by the National Western Center Partnership, which consists of the National Western Stock Show, the City and County of Denver, CSU, the Denver Museum of Nature and Science, and History Colorado. The master plan envisions redeveloping the existing 130-acre site in eight phases over ten or more years.

Capitol Complex Master Plan. The CCMP is a ten-year facilities master plan for the buildings and grounds in the Capitol Complex. Completed in December 2014, the master plan provides long-term planning strategies related to state agency space needs, building conditions, urban design goals, and real estate assessments. It also identifies 25 potential projects that could be implemented over the next ten years. The National Western Center is not part of the Capitol Complex.

Funding for lease-purchase agreements. The state is currently making annual lease payments for certificates of participation (COPs) issued to finance the construction of the Centennial Correctional Facility expansion project. The COP payments will continue for four more years, through FY 2018-19. The average annual payment for the remaining term of the COPs is \$20.3 million. HB 15-1344 repurposes the amount anticipated to be paid on behalf of the annual lease payments in the years following the retirement of the Centennial Correctional Facility COP. In other words, the \$20 million that has otherwise been set aside for the existing COP payment will be made available for future COP issuances and projects in the Capitol Complex.

State Revenue

The bill authorizes the issuance of certificates of participation (COPs) in the amount of \$250 million, plus reasonable administrative expenses for the costs of issuance and monitoring. The lease-purchase agreements cannot be issued before July 1, 2019. Proceeds from the sale of the COPs are held by a trustee and so are not counted as state revenue. The COP issuance is contingent upon project-specific review and approval by the Colorado Commission on Higher Education, the Governor's Office of State Planning and Budgeting, and the CDC. Additionally, no lease-purchase agreements may be issued until the voters of the City and County of Denver approve an extension of the lodging and car rental taxes, or another similar tax, to generate sufficient funding for development of the National Western Center.

State Transfers

Beginning in FY 2019-20, the bill authorizes a General Fund transfer of up to \$20 million a year to the National Western Center Trust Fund to make annual lease-purchase payments. The transfers to the National Western Center Trust Fund will continue for the term of the COPs. Beginning in FY 2019-20, the bill also authorizes a General Fund transfer to the CCMP Implementation Fund and a potential transfer to the Controlled Maintenance Trust Fund (CMTF).

If COPs have been issued on behalf of CSU projects, the amount transferred to the CCMP Implementation Fund will represent the difference between \$20 million and the annual lease purchase payment. However, if no COPs have been issued, the bill authorizes a \$10 million General Fund transfer to the CCMP Implementation Fund and \$10 million General Fund transfer to the CMTF each year until a lease-purchase payment is due. The total amount transferred to the CCMP Implementation Fund is limited to \$80 million. Table 1 shows the two possible transfer scenarios.

Table 1. General Fund Transfers Under House Bill 15-1344		
Fund Name	Scenario 1: Annual Transfer Before COPs Are Issued	Scenario 2: Annual Transfer After COPs Are Issued
National Western Center Trust Fund	N/A	up to \$20 million
Capitol Complex Master Plan Implementation Fund*	\$10 million	\$20 million - annual lease purchase payment amount
Controlled Maintenance Trust Fund	\$10 million	N/A
Total	\$20 million	\$20 million

**The total transfer to the fund is limited to \$80 million.*

State Expenditures

This fiscal note assumes that the state will make an appropriation from the National Western Center Trust Fund for any lease-purchase payments associated with issuance of COPs to finance construction at the National Western Center and CSU. The timing and amount of the payments will depend on the terms of the COP issuance. However, the payments, including principal and interest, may not exceed \$20 million a year.

Beginning in FY 2019-20, the CCMP Implementation Fund may accrue moneys through General Fund transfers. Moneys in the fund may be expended to fund projects included in the CCMP, subject to the standard capital project review and approval process.

Interest earnings on the CMTF can be spent on behalf of state controlled maintenance projects.

Effective Date

The bill was signed into law by the Governor and took effect on May 20, 2015.

State and Local Government Contacts

Higher Education
 Personnel and Administration

Office of State Planning and Budgeting
 Treasury