Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

Drafting Number: LLS 15-0607 **Date:** February 23, 2015

Prime Sponsor(s): Rep. Willett; Pabon Bill Status: House Business, Affairs & Labor

Sen. Heath; Merrifield Fiscal Analyst: Louis Pino (303-866-3556)

BILL TOPIC: WORKING GROUP FOR ECONOMIC DEVELOPMENT IN DISTRESSED REGIONS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	<u>\$25,000</u>	
General Fund	\$25,000	
FTE Position Change		
Appropriation Required: \$20,000 - OEDIT; \$5,000 Legislative Council (FY2015-16)		

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

Summary of Legislation

The bill creates the economic development working group for highly distressed rural and urban regions of the state. The group will identify regions using the most timely and accurate data available, and make recommendations to the General Assembly on economic development tools to improve the economic vitality of the regions.

Four members of the General Assembly appointed by leadership in each house and the executive director of the Colorado Office of Economic Development and International Trade (OEDIT) will serve as the five voting members for the working group. These voting members must be appointed by June 2, 2015. In turn, these members must appoint four nonvoting members to the working group by June 16, 2015. The bill requires that the voting members consider persons with expertise in county and municipal issues related to economic development in rural and urban areas. The OEDIT will provide all staff needed to assist the working group in conducting its duties.

By July 10, 2015, the group will identify highly distressed urban and rural regions using data that is consistently available and reflects the current local distress. The bill requires OEDIT to post the region names and boundaries on its website.

The bill requires the working group to meet and discuss the economic efforts in the highly distressed regions and consider possible economic development tools, including tax-free zones, that will improve the economic vitality of the regions.

By October 1,2015, the group must make legislative recommendations to the General Assembly on economic development tools to help these regions. In addition, the group will provide a proposal on how these regions can be identified on a more regular basis in order to provide more timely support to them.

State Expenditures

This bill will increase state expenditures by \$25,000 in FY 2015-16.

OEDIT. The bill specifies that the OEDIT shall provide all staff needed to assist the working group, and appropriates \$20,000 for these expenses. The OEDIT has indicated they plan to hire a consultant to assist the working group. It is unclear if the \$20,000 appropriation is sufficient to cover all the costs because a consultant has not been selected.

Legislative Council Staff. The bill allows the legislative members of the working group to be compensated for their attendance at the working group meetings. The total amount of compensation and reimbursement can not exceed \$5,000. The fiscal note assumes that legislative members of the working group will meet six times at an average daily cost of \$187 for each member. If the working group should meet more than six times, it is unclear if or how the legislative members will be compensated.

The bill also requires the economics staff of Legislative Council to provide assistance in selecting and discussing data to be used by the working group. This will increase workload but can be accomplished within existing appropriations since the data are already collected by Legislative Council Staff for other purposes.

Effective Date

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

State Appropriations

In FY 2015-16, this bill appropriates \$20,000 to the OEDIT for the administrative cost associated with staffing and attending the working group meetings. Legislative Council will require a \$5,000 appropriation to provide reimbursement to the four legislative members of the working group.

State and Local Government Contacts

Counties Local Affairs Governor's Office OEDIT Legislative Council Municipalities