

SB 09-232



BUILDING A STRONG PARTNERSHIP WITH COLORADO'S CITIES AND TOWNS

To: Members of the Colorado House of Representatives
 From: Kevin Bommer, Legislative & Policy Advocate
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 Date: April 29, 2008
 Subject: SB 09-232 – FML-Funded infrastructure for

SB 09-232 - FML-FUNDED INFRASTRUCTURE FOR IMPACTED COMMUNITIES YOUR "YES" VOTE RESPECTFULLY REQUESTED

CML has been very concerned about energy-impacted communities' ability to deal with continuing infrastructure issues. SB 232 has been a potential vehicle to address that problem, but it initially included a complicated COP process using local government FML bonus payment money being held in. CML had maintained a neutral position on the bill while trying to help the Senator Schwartz change the bill to something CML could support. As amended by Sens. Schwartz and Penry, **CML supports SB 09-232, which will help grow jobs and the economy in areas hardest hit by energy production impacts without any state fiscal impact.**

Background: Last year, federal mineral lease money distribution was changed by SB 08-218. CML & CCI were able to ensure that local governments retained 40% of the rents, royalties, and earnings. Direct distributions to FML counties-of-origin (COO) and the municipalities therein were actually increased in SB 218. In addition, bonus payments on new leases are now treated separately. 50% goes to higher ed and 50% goes to a new fund called the "Local Government Permanent Fund." (LGPF)

The purpose of the LGPF is to backfill direct distributions to FML counties and municipalities when FML revenues decline by 10% or more. However, the language makes that backfill occur only at the General Assembly's option, and CML and CCI were unable to get that changed in SB 218 or at all this year. Furthermore, local governments lack the confidence to believe that the General Assembly will not try to take the local money for its own means in upcoming legislative sessions in the same manner that the Local Government Severance Tax Fund was depleted.

Currently, there is about \$40.1 million in the LGPF earning about \$125,000 per month in interest. As amended and now supported by CML, the amendment takes bonus payment money not tied up in Roan Plateau lease objections and makes it available to FML municipalities and counties for infrastructure projects. The Department of Local Affairs Energy Impact Advisory Committee will make recommendations to the executive director in the same manner as standard energy impact assistance grants. SB 09-232 will put those dollars toward local infrastructure this year, which is good for job growth and good for the economy in areas hardest hit by energy production impacts.

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