

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 13-0061  
**Prime Sponsor(s):** Sen. Giron  
 Rep. Hullinghorst

**Date:** February 7, 2013  
**Bill Status:** Senate SVMA  
**Fiscal Analyst:** Alex Schatz (303-866-4375)

**TITLE:** CONCERNING THE REALLOCATION OF THE CONSERVATION TRUST FUND TO A METROPOLITAN DISTRICT THAT PROVIDES PARKS AND RECREATION SERVICES WITHIN AND INCLUDES TERRITORY WITHIN THE UNINCORPORATED AREA OF A COUNTY ONLY.

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b>		
Cash Funds		
Conservation Trust Fund Allocation Expense Fund *	\$16,240	
<b>State Expenditures</b>		
Cash Funds		
Conservation Trust Fund Allocation Expense Fund	\$16,240	
<b>FTE Position Change</b>		
<b>Effective Date:</b> July 1, 2013.		
<b>Appropriation Summary for FY 2013-2014:</b> See State Appropriations section.		
<b>Local Government Impact:</b> See Local Government Impact section.		

\* This amount represents gifts, grants, and donations required to cover costs. A source for donated funds is discussed in the Background section.

**Summary of Legislation**

Under current law, metropolitan districts and other special districts receive a half-share distribution of moneys from the Conservation Trust Fund (CTF), with the other half-share allocated to the incorporated municipality or unincorporated county in which the metropolitan district is located. The bill allows certain metropolitan districts that provide parks and recreation services to receive a full share apportionment.

To be eligible for a full share CTF distribution, a metropolitan district must have:

- at least 10,000 residents according to the July 1, 2012, state demographer's population estimate;
- only elected board members; and
- only parks and recreation facilities that are open to the general public.

After informing the Division of Local Government (DLG) in the Department of Local Affairs (DOLA) of its election to receive a full share during the annual CTF certification process, eligible metro districts receive four-sixths and five-sixths share distributions in the first two years, and a full share in the third and subsequent years.

The bill creates the Conservation Trust Fund Allocation Expense Fund and authorizes the department to seek and accept gifts, grants, and donations to implement the bill, subject to appropriation by the General Assembly.

## **Background**

According to the state constitution, 40 percent of the net proceeds of the Colorado Lottery are distributed to the CTF, administered by the DLG. The DLG is responsible for the distribution of CTF moneys to certain local governments according to a nondiscretionary, statutory formula. The department is also authorized to use CTF moneys for its direct and indirect costs in the administration of CTF distributions.

The total CTF distribution is divided on a per capita basis, with counties receiving the gross county share based on the unincorporated population of the county, and municipalities receiving a gross municipal share based on their incorporated population. Counties and municipalities must share one-half the per capita distribution from their gross share with any overlapping special districts providing parks and recreation services. Once a local government avails itself of CTF distributions by creating a designated CTF account and following basic certification procedures, the distribution of CTF funds is entirely dependent on population.

The CTF program awarded a total of \$50,559,729 to all eligible local government entities in 2012. There are 135 special districts, including metropolitan districts, that participate in the CTF program. Colorado has 87 metropolitan districts that receive CTF funds, of which 41 districts are located entirely in unincorporated areas. Based on statewide population trends, the CTF distribution to metropolitan districts with territory inside municipal boundaries is substantially higher than that of metropolitan districts located entirely in unincorporated areas.

Legislative Council Staff received a copy of a letter from the Pueblo West Metropolitan District, dated 1/31/13, stating that the district "is formally committed to reimbursing all costs related to its implementation in whatever manner preferred by the Department of Local Affairs."

## **State Revenue**

Gifts, grants, and donations collected by the DOLA for the purposes of implementing the bill will be credited to the Conservation Trust Fund Allocation Expense Fund. The fund must receive \$16,240 in FY 2013-14 to enable the appropriation assumed in this fiscal note; if adequate funding is not received through gifts, grants, and donations, the DOLA will be required to seek through the annual budget process an equivalent appropriation from net lottery proceeds transferred to the Conservation Trust Fund.

**State Expenditures**

Modification of the DOLA database systems to accommodate treatment of unincorporated metropolitan district areas as a full share CTF distribution involves a one-time increase of \$16,240 in FY 2013-14 costs. Table 1 summarizes the cost components to implement the bill.

<b>Table 1. Expenditures Under HB 13-145</b>	
<b>Cost Components</b>	<b>FY 2013-14</b>
<i>Office of Information Technology</i>	
Programming (80 hrs*\$74/hr)	\$5,920
Business Analyst (120 hrs*\$86/hr)	10,320
<b>TOTAL</b>	<b>\$16,240</b>

The department and the Office of Information Technology (OIT) will work together to modify the distribution formula in the CTF database and other CTF distribution processes. For OIT, this increased workload includes adding new database fields to recognize the special status of certain metropolitan districts, to revise the calculation model for distributions, and to test revised programming. The DOLA's workload will also increase for a CTF program staff expert to test the revised distribution process, but this task will be performed by existing staff without the need for new appropriations.

**Local Government Impact**

Assuming that state expenditures are funded through gifts, grants, and donations, the bill does not affect total CTF distributions to local governments. Instead, the bill redistributes CTF moneys, with two county governments receiving \$195,250 less in aggregate and two metropolitan districts receiving an aggregate increase of the same amount. Table 2 lists estimated changes in CTF distribution to each affected local government.

<b>Table 2. Estimated Change in FY 2013-14 CTF Distribution to Local Governments Under SB13-145</b>		
<b>County</b>	<b>Affected Local Government</b>	<b>Change in CTF Distribution</b>
Jefferson	Ken-Caryl Ranch Metropolitan District	\$52,920
	Jefferson County	(52,920)
Pueblo	Pueblo West Metropolitan District	142,330
	Pueblo County	(142,330)

\* This table reflects implementation of the bill based on 2012 population data and CTF distribution data for metropolitan districts located entirely in unincorporated areas, as reported by the Department of Local Affairs.

**State Appropriations**

In FY 2013-14, the Department of Local Affairs requires a cash funds appropriation of \$16,240 from the Conservation Trust Fund Allocation Expense Fund. This amount of \$16,240 is reappropriated in its entirety to the Office of Information Technology.

**Departments Contacted**

Local Affairs  
Natural Resources

Revenue  
Law

Treasury