



**Colorado
Legislative
Council
Staff**

SB17-022

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0583
Prime Sponsor(s): Sen. Donovan

Date: February 13, 2017
Bill Status: Senate Finance
Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: RURAL ECONOMIC ADVANCEMENT OF COLORADO TOWNS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	\$0	\$0
State Transfer	0	0
General Fund	(500,000)	(500,000)
Cash Funds	500,000	500,000
State Expenditures	\$655,019	\$654,916
Cash Fund	500,000	500,000
Centrally Appropriated Costs	155,019	154,916
FTE Position Change	0.4 FTE	0.4 FTE
Appropriation Required: \$500,000 - Department of Local Affairs (FY 2017-18).		
Future Year Impacts: Ongoing transfers and expenditures through FY 2019-20.		

Summary of Legislation

The bill requires the Department of Local Affairs (DOLA) to coordinate the provision of monetary and nonmonetary resources to rural communities that are impacted by a significant economic event, such as a plant closure or layoff, which has a significant, quantifiable impact on the total number of jobs in the rural community, as determined by the DOLA's executive director. The bill defines a rural community as

- a county with a population of fewer than 50,000; or
- a municipality with a population of fewer than 20,000 if the municipality is not adjacent to another municipality with a population of at least 20,000 residents.

Monetary assistance. The bill requires DOLA to award up to \$500,000 per year in grants to assist rural communities that experience a significant economic event with economic development and revitalization. The executive director of DOLA must establish the program eligibility standards and application process and post them on the department website. Grant applicants must experience a qualifying significant economic event and submit for a plan for a project that would:

- strengthen the rural community through investment in it's economy;
- diversify the local industries; or
- facilitate job retention or creation.

The executive director of DOLA must notify the applicant whether the application was approved within 60 days of receiving the application. Two or more communities may submit a joint application that includes how funds would be allocated between the communities and any coordination of services that the community will provide.

The bill creates the Rural Economic Advancement of Colorado Towns Fund (fund), to be used for the grant program. The State Treasurer must transfer \$500,000 from the General Fund to the fund on September 1, 2017, July 1, 2018, and July 1, 2019. Any money in the fund at the end of each fiscal year remains in the fund and any money in the fund on June 30, 2020, must be transferred back to the General Fund.

Nonmonetary assistance. DOLA must also coordinate nonmonetary resources and assistance offered by DOLA, the Department of Labor and Employment (CDLE), and the Office of Economic Development and International Trade (OEDIT) to qualifying communities. The nonmonetary resources may include capacity building resources, such as job training, workforce development, and technical assistance. The department must establish application procedures and publish instructions and forms on the website. In addition, communities may apply simultaneously for both monetary and nonmonetary assistance.

The bill is repealed on July 1, 2020.

State Revenue

State transfers. The bill transfers \$500,000 from the General Fund to the Rural Economic Advancement of Colorado Towns Fund in FY 2017-18, FY 2018-19, and FY 2019-20.

State Expenditures

The bill increases cash fund expenditures in DOLA by \$655,019 and 0.4 FTE in FY 2017-18, and \$654,916 and 0.4 FTE in FY 2018-19. It also increases the workload in the CDLE and OEDIT beginning in FY 2017-18.

Cost Components	FY 2017-18	FY 2018-19
Personal Services	\$27,928	\$26,810
FTE	0.4 FTE	0.4 FTE
Travel	4,800	4,800
Grants to Rural Communities	467,272	468,390
Centrally Appropriated Costs*	155,019	154,916
TOTAL	\$655,019	\$654,916

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

Personal services. DOLA requires \$27,928 and 0.4 FTE in FY 2017-18 and \$26,810 and 0.4 FTE in FY 2018-19 for a Community and Economic Development Developer IV to coordinate nonmonetary and technical assistance, conduct outreach around the state, and establish and manage grant-making activities. The FTE amount has been prorated to an assumed September 2018 start date.

Travel. Beginning in FY 2017-18, DOLA requires \$4,800 in travel costs to conduct outreach, and coordinate and provide nonmonetary assistance to impacted rural communities. The fiscal note assumes 10,000 miles at \$0.48 per mile.

Grants to rural communities. Based on the required administrative costs, \$467,272 in FY 2017-18 and \$468,390 in FY 2018-19 is expected to be available for grants to rural communities. The fiscal note assumes that approximately 10 to 15 grant applications will be awarded each year beginning in FY 2017-18, and that each grant will range from \$30,000 to \$45,000.

Additional workload. The bill also increases the workload for DOLA to conduct any necessary rulemaking as a result of the bill, as well as to update the existing grants management system to accommodate the new grant program. This workload increase can be accomplished within existing appropriations.

OEDIT and CDLE. Beginning in FY 2017-18, the bill increases the workload for OEDIT and CDLE to coordinate with DOLA on the provision of nonmonetary resources to rural communities impacted by significant economic events. The workload increase is expected to be accomplished within existing appropriations.

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 SB17-022		
Cost Components	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,516	\$3,514
Supplemental Employee Retirement Payments	2,503	2,402
Indirect Costs	143,000	143,000
Leased Space	6,000	6,000
TOTAL	\$155,019	\$154,916

Local Government Impact

To extent that rural communities experience a significant economic event, the bill will increase both revenue and expenditures of those local governments. There is an increased workload to apply for the grant funds, although the workload increase may be reduced by available nonmonetary resources. The bill also increases revenue for grant recipients to assist the

community after a significant economic event. The extent of the increase in workload and revenue is determined by the scope of the economic event, and the number of rural communities that are competing for grant funds.

Effective Date

The bill takes effect September 1, 2017, and no referendum petition is filed.

State Appropriations

In FY 2017-18, the bill requires an appropriation of \$500,000 from the Rural Economic Advancement of Colorado Towns Fund and an allocation of 0.4 FTE to the Department of Local Affairs.

State and Local Government Contacts

Counties
Local Affairs
Municipalities
Information Technology

Law
Labor
Economic Development and International Trade