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FISCAL NOTE

Drafting Number: LLS 20-0648
Prime Sponsors: Sen. Donovan

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Bill Status: Senate Agriculture
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Bill Topic: RURAL ECONOMIC DEVELOPMENT INITIATIVE GRANT PROGRAM

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill codifies the Rural Economic Development Initiative Grant Program in the Department of Local Affairs. The bill increases state expenditures beginning FY 2020-21.

Appropriation Summary: No appropriation is required if the DOLA's FY 2020-21 budget request for the REDI program is included in the annual appropriations act (the Long Bill). See State Appropriations section for additional details.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 20-002

Table with 4 columns: Category, Sub-category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures (General Fund), Transfers, and TABOR Refund.

Summary of Legislation

This bill formalizes in statute the Rural Economic Development Initiative Grant program (REDI program) in the Department of Local Affairs (DOLA), to be administered in collaboration with the Colorado Office of Economic Development and International Trade (OEDIT). The REDI program provides grants that create new jobs in rural communities through a new employer or an expansion of an existing employer, or that create diversity and resiliency in a rural community's local economy.

No later than September 1, 2020, the DOLA must adopt rules for the REDI program including application procedures and timelines, criteria for a matching funds requirement, and performance and reporting requirements. The bill specifies evaluative criteria the DOLA must consider when reviewing applications and making awards. DOLA may award grants multiple times a year if deemed appropriate.

No later than November 1 each year, the DOLA must publish a report summarizing the use of money awarded through the REDI program, or used for the Rural Economic Advancement of Colorado Towns (REACT) program.

Background

The REDI is an existing program established in FY 2015-16 through an amendment in the annual appropriations act (the Long Bill). The program provides grants to local governments in rural districts for economic development activities. For FY 2015-16 through FY 2018-19, the program was appropriated \$750,000 General Fund each year. For the current FY 2019-20, the program's appropriation is \$780,000 General Fund. Requests for grants from the program have exceeded the amount of funding available in the last several funding cycles. The DOLA has included a budget request for FY 2020-21 that increases funding by \$257,248 General Fund, enabling the department to allocate grants to approximately five additional communities each year, or offer higher levels of financial support in each community.

State Expenditures

This bill increases state expenditures in both FY 2020-21 and FY 2021-22 by \$1,037,248. The full amount of this appropriation is available to the program to allocate as grants to eligible local governments.

The DOLA already employs the Rural Prosperity Manager in its Colorado Resiliency Office. This FTE is responsible for the coordination of the REDI grant program. The office's workload and related expenditures are included in the annual operating budget for the department. Formalizing the REDI program in state statute does not require an increase in this administrative expenditure.

Local Government

Local governments that participate in the REDI program may receive financial grants from DOLA to apply toward economic development activities.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State Appropriations

The bill is not expected to require an appropriation. The FY 2020-21 budget request from the DOLA includes R1, a request for an increase of \$257,248 to the REDI program, in addition to the annual appropriation of \$780,000, for a total of \$1,037,248 General Fund. If the department's budget request is included in the Long Bill, no additional appropriation is required. If the request is not included in the Long Bill, this bill will require an appropriation.

State and Local Government Contacts

Information Technology

Local Affairs

Office of Economic Development