



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated March 17, 2022)

Drafting Number: LLS 22-0531
Prime Sponsors: Rep. Bird

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Bill Status: House Appropriations
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Bill Topic: ESSENTIAL SERVICES FOR YOUTH SPECIAL DISTRICTS

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Special District
- Statutory Public Entity

The bill creates an "essential services for youth special district" in each judicial district and authorizes these new special districts to seek voter approval to levy and collect taxes to fund local Court-Appointed Special Advocate programs and providers of youth services. Beginning in FY 2022-23, this bill will increase state expenditures and may increase special district revenue and expenditures.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$390,446 to the Department of Revenue.

Fiscal Note Status: The fiscal note reflects the introduced bill, as amended by the House Judiciary Committee and includes some updated information.

Table 1
State Fiscal Impacts Under HB 22-1258

Table with 4 columns: Category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures (General Fund), Transfers, and Other Budget Impacts (General Fund Reserve).

## **Summary of Legislation**

This bill creates an "essential services for youth special district" in each judicial district. These special districts are inactive until certain actions are taken. Once activated and a board appointed, these special districts are authorized to seek voter approval to levy and collect a uniform sales and use tax, a property tax, or both throughout the geographical area of the district to provide funding to service providers that assist at-risk youth in the special district. Elections must comply with TABOR.

**Board of Directors.** Local government authorities make appointments to the seven-member board of directors of the new special districts within the judicial district boundaries. Directors receive no compensation for their services but may be reimbursed for their necessary expenses while serving. Each board must conduct business at regular meetings that are open to the public at least three times each year. Directors of the board and officers and employees of the special district are public employees for the Colorado Governmental Immunity Act purposes, and the board is subject to the Colorado Open Records Act.

**Authorizing elections.** An essential services for youth special district may submit a resolution adopted by its board to the registered electors at a general election, an election held the first Tuesday of November in an odd-numbered year, or a biennial local district election, the question of whether to levy and collect sales and use taxes or property taxes. If approved, the sales and use tax will be administered by the Department of Revenue (DOR), with the district paying the costs incurred by the DOR. County assessors will collect property taxes.

**Tax revenue.** The bill requires that after deducting for district expenses, at least 60 percent of the voter-approved tax revenue go to the special district's local Court-Appointed Special Advocate (CASA) program, and at most 40 percent go to grant programs to support service providers. These service providers must use the tax revenue in one of the following areas:

- health, safety, wellness, or mental health of youth;
- services, including housing, for unhoused at-risk youth;
- programs to support at-risk youth in the judicial system by virtue of filing a dependency and neglect action;
- programs that provide forensic support, including the cost of administration; or
- construction of facilities.

The tax revenue may not be used for daycare, data collection, school-based education, or recreational or fitness programs and cannot be used to replace existing sources of state, private or federal funding.

**Grant program.** Grant program recipients must be qualified, have at least two years of good standing operation in the district, and demonstrate successful service delivery and financial management. The board will review the applications and award grants to service providers. The board must also develop reporting requirements and review procedures such that funding can be revoked if the organization does not comply with the law.

## Background

Local CASA programs provide volunteers who advocate for a child's best interests, primarily in dependency and neglect cases but also in domestic relations and probate cases. Community organizations providing CASA volunteers must meet certain requirements and operate under memoranda of understanding with the judicial district or districts they serve. There are currently 18 local CASA programs in Colorado that serve 18 of the 22 judicial districts. Statewide, the CASA Program is overseen by the Office of the Child's Representative, and \$1.5 million in state General Fund was appropriated in FY 2021-22 to support these programs.

## Assumptions

The fiscal note assumes that two essential services for youth special districts are activated in FY 2022-23 and that these two special districts will send sales and use tax measures to the ballot in November 2023.

## State Expenditures

The bill increases state expenditures in the Department of Revenue (DOR) by \$390,446 in FY 2022-23 and \$26,400 in FY 2023-24, paid from the General Fund. Expenditures, which are for system programming, testing, implementation, and ongoing system maintenance in out-years, are shown in Table 2 and detailed below. DOR will also have ongoing workload and expenses to collect sales tax revenue on behalf of any new districts that authorize such a tax. Costs may vary from this estimate depending on the number of essential services for youth special districts that are formed and approve new taxes.

**Table 2**  
**Expenditures Under HB 22-1258**

	FY 2022-23	FY 2023-24
<b>Department of Revenue</b>		
Personal services	\$126,296	-
Programming	\$227,750	
Maintenance and reporting	\$26,400	\$26,400
<b>Total Cost</b>	<b>\$390,446</b>	<b>\$26,400</b>

**Personal services.** DOR will have an increase in expenditures for business analysts and quality assurance staff to identify programming changes. The DOR is expected to use contract staff to provide approximately 2,700 hours of implementation and testing services at \$35 per hour and approximately 1,500 hours of maintenance and testing services at \$25 per hour. Total costs for these contract staff are estimated to be \$126,296 in FY 2022-23. Of this amount, \$2,178 will be reappropriated to the Office of Information Technology to provide quality assurance and coordination support for these system changes.

**DRIVES programming.** The Colorado Driver License, Record, Identification, and Vehicle Enterprise Solutions (DRIVES) System will require programming to calculate, assess, collect, and distribute the potential new sales and use taxes to vehicle sales at an estimated 40 hours of programming at \$225 per hour for each new district created (\$4,500). Based on an assumed two new districts, the bill will result in costs of \$9,000 in FY 2022-23.

**Sales and Use Tax System programming.** The Sales and Use Tax System (SUTS) will require programming and maintenance to allow for a new type of special district and the individual special districts. This is expected to cost \$50,000 in FY 2022-23, with ongoing annual costs of \$20,000.

**GenTax programming.** The collection manager function of the GenTax system must be updated for the new tax allowed under this bill. This programming is expected to require 750 hours in programming costs at \$225 per hour, resulting in costs of \$168,750 in FY 2022-23.

**Reporting.** Finally, DOR will have costs of \$6,400 per year to make form changes to facilitate reporting and analysis if new special districts are created.

**Judicial Department.** The Office of the Child Representative will have an increase in workload to cover additional administrative duties, to the extent the bill results in increased CASA funding and appointments at the local level. Additionally, the Chief Judges of the judicial districts will have a minimal but absorbable increase in workload if a new district is activated.

## Other Budget Impacts

**General Fund reserve.** Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held as shown in Table 1, which will decrease the amount of General Fund available for other purposes.

## Special Districts

This bill creates new special districts with authority to collect taxes to support youth services. This local funding will support local CASA programs and youth service providers. Counties and municipalities that choose to activate the special districts will have an increased workload to appoint board members and conduct elections in some instances.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State Appropriations

For FY 2022-23, the bill requires a General Fund appropriation of \$390,446 to the Department of Revenue, of which \$2,178 will be reappropriated to the Office of Information Technology.

**State and Local Government Contacts**

Child Protection Ombudsman  
Counties  
District Attorneys  
Human Services  
Municipalities  
Secretary of State  
Special Districts  
Revenue

Child Welfare  
County Clerk  
Judicial  
Local Affairs  
Office of Public Guardianship  
Sheriffs  
State Auditor  
Office of the Child's Representative