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FISCAL NOTE

Drafting Number: LLS 18-0565 Date: January 24, 2018
Prime Sponsors: Sen. Donovan Bill Status: Senate SVMA
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Bill Topic: RURAL ECONOMIC ADVANCEMENT OF COLORADO TOWNS

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

The bill requires the Department of Local Affairs (DOLA) to coordinate nonmonetary services and to provide grant funding to rural communities that experience a significant economic event. Between FY 2018-19 and FY 2020-21, the bill may increase revenue from gifts, grants, and donations; requires an annual transfer of \$500,000 from the General Fund to a newly created cash fund; increases expenditures by up to \$500,000 per year; and increases workload for multiple state agencies.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of \$500,000 to the Department of Local Affairs.

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

Table 1
State Fiscal Impacts Under SB 18-005

Table with 4 columns: Category, Sub-category, FY 2018-19, FY 2019-20. Rows include Revenue, Expenditures (Cash Funds, Total), and Transfers (General Fund, Cash Funds, Total).

Summary of Legislation

This bill requires the Department of Local Affairs (DOLA) to act as the designated agency for coordinating the state's response to significant economic events in rural communities, including a plant closure or substantial layoff. The bill defines a rural community as a county with a population of less than 50,000 residents or a municipality with a population of less than 20,000 if it is not adjacent to another municipality with a population of greater than 20,000.

Applications for assistance. Both nonmonetary and financial assistance must be applied for using an application and guidelines developed by DOLA using criteria specified in the bill. If DOLA determines that the community is eligible for assistance, it is required to coordinate resources and assistance with the Colorado Department of Labor and Employment (CDLE) and the Office of Economic Development and International Trade (OEDIT), as well as other relevant state agencies. Nonmonetary assistance is to be provided within an agency's existing staffing.

Grant funds. In each of fiscal years 2018-19 through 2020-21, DOLA is authorized to award up to \$500,000 per year in grants to eligible communities. Moneys are distributed from the newly created Rural Economic Advancement of Colorado Towns (REACT) Fund, funded by an annual transfer of \$500,000 per year from the General Fund on specified dates. The new cash fund is continuously appropriated to DOLA. DOLA may accept and expend any additional appropriations from the General Assembly or gifts, grants, and donations it receives. Any funds remaining in the REACT Fund are transferred back to the General Fund on June 30, 2021. The program is repealed on September 1, 2021.

Background

According to DOLA, there are 214 municipalities and 49 counties that meet the definition of a rural community as described by the bill.

According to the CDLE, there were 12 substantial layoffs in rural communities during calendar year 2017. These layoffs, 9 of which were seasonal, affected 1,650 employees. As of this writing, it is unknown how many other types of significant economic events occurred in 2017.

The DOLA currently manages the 4R (Rural Response Recovery and Resilience) program, which began in FY 2016-17 and aligns with the functions proposed in this bill. The department can accommodate the increased workload for Senate Bill 18-005 within its existing staffing structure.

State Revenue

Beginning in FY 2018-19, revenue may increase if gifts, grants, and donations are received. As of this writing, no source of donations has been identified. Gifts, grants, and donations are exempt from TABOR requirements.

State Transfers

In FY 2018-19, FY 2019-20, and FY 2020-21, the bill requires a transfer of \$500,000 General Fund per year to the REACT Fund. In FY 2021-22 any funds remaining in the REACT Fund are transferred back to the General Fund.

State Expenditures

In FY 2018-19, FY 2019-20, and FY 2020-21, the bill increases state cash fund expenditures by up to \$500,000 per year in DOLA to award grants to rural communities that experience significant economic events. The exact expenditure will depend on the number of eligible communities requesting assistance in a particular fiscal year.

In addition, workload will increase for DOLA and other state agencies, including CDLE and OEDIT, to provide technical assistance and other nonmonetary resources to affected rural communities. Since the bill requires that this workload be accomplished within existing appropriations and staff, the fiscal note assumes that responding to significant economic events may result in the shifting of other existing priorities.

Local Government Impact

The bill allows eligible rural communities to seek and expend grant funds to respond to significant economic events. The exact impact to any particular community has not been estimated.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2018-19, the bill requires an appropriation of \$500,000 from the REACT Fund to the Department of Local Affairs.

State and Local Government Contacts

Counties	Economic Development	Governor	Labor
Local Affairs	Municipalities	Personnel	Public Safety
Special Districts			