



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Revised Fiscal Note

(replaces fiscal note dated March 30, 2021)

<b>Drafting Number:</b>	LLS 21-0734	<b>Date:</b>	May 5, 2021
<b>Prime Sponsors:</b>	Rep. Holtorf; Ortiz Sen. Hisey; Lee	<b>Bill Status:</b>	House Appropriations
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**Bill Topic:** EXPANSION OF JUSTICE CRIME PREVENTION INITIATIVE

**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill expands the Justice Reinvestment Crime Prevention Initiative to Grand Junction and Trinidad and adds a small business grant program for formerly incarcerated persons to the initiative. It will increase state and targeted local government expenditures on an ongoing basis.

**Appropriation Summary:** No appropriation is required; expenditures in the bill are paid from a continuously appropriated cash fund.

**Fiscal Note Status:** The revised fiscal note reflects the introduced bill, as amended by the House Judiciary Committee.

**Table 1  
State Fiscal Impacts Under HB 21-1215**

		Current Year FY 2020-21	Budget Year FY 2021-22	Out Year FY 2022-23
<b>Revenue</b>		-	-	-
<b>Expenditures</b>	Cash Funds	-	\$1,741,377	\$1,740,853
	Centrally Appropriated	-	\$8,623	\$9,147
	<b>Total Expenditures</b>	-	<b>\$1,750,000</b>	<b>\$1,750,000</b>
	<b>Total FTE</b>	-	<b>0.6 FTE</b>	<b>0.6 FTE</b>
<b>Transfers</b>	General Fund	(\$3,500,000)	-	-
	Cash Funds	\$3,500,000		
	<b>Net Transfer</b>	<b>\$0</b>		
<b>TABOR Refund</b>			-	-

## Summary of Legislation

The bill expands the Justice Reinvestment Crime Prevention Initiative administered by the Division of Local Government in the Department of Local Affairs (DOLA) to Grand Junction and Trinidad and creates a statewide program to provide grants to eligible entities to establish business and entrepreneurship training programs for justice-system-involved persons beginning September 1, 2021.

The bill creates the Justice Reinvestment Initiative Expansion Account within the Justice Reinvestment Crime Prevention Cash Fund, and requires the State Treasurer to transfer \$3.5 million from the General Fund to this account on June 30, 2021. Money in the account is continuously appropriated to DOLA. In each of FY 2021-22 and FY 2022-23, \$1.75 million may be used as follows: 40 percent for Grand Junction; 20 percent for Trinidad; and 40 percent for business training programs. On July 1, 2023, any unencumbered funds remaining in the account revert to the General Fund. The deadline to revert any unspent money in the Justice Reinvestment Crime Prevention Cash Fund is extended to September 1, 2026.

DOLA must issue a request for proposals for eligible entities for the business training program. If existing nondepository community development financial institution loan funds and community foundations are not able to effectively serve Grand Junction and Trinidad, DOLA is required to issue a request for participation in those areas. The bill outlines the responsibilities of the division and sets administrative cost thresholds for third-party grant administrators, where applicable.

## Background

House Bill 17-1326 created the Justice Reinvestment Crime Prevention Initiative and the Parole Savings Cash Fund in DOLA. The initiative reinvests parole reform dollars into North Aurora and Southeast Colorado Springs to support economic development and community services through community loan and grant programs. Senate Bill 19-064 extended the repeal date from September 1, 2020, to September 1, 2023.

The grant program's FY 2020-21 budget is \$2.0 million, down from \$3.0 million in prior fiscal years, which provides roughly \$860,000 per year in grant funding in each community. The remainder of funding covers the foundation's administration costs and contract payments for a third-party evaluator. The current foundation is located in Denver and contracts with a Colorado Springs-based community foundation to support the grant programs.

The lending program received no appropriation in FY 2020-21, down from \$1.0 million in prior fiscal years. The lending program is split evenly between both communities. Each Community Development Financial Institution (CDFI) received \$35,000 in funds for start-up and administration costs to administer loans.

**State Expenditures**

The bill increases cash fund expenditures in DOLA by up to \$1.75 million and 0.6 FTE per year in FY 2021-22 and FY 2022-23. These amounts are shown in Table 2 and described below.

**Table 2  
Expenditures Under HB 21-1215**

<b>Cost Components</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Department of Local Affairs</b>		
Personal Services	\$28,985	\$34,784
Operating Expenses	\$810	\$810
Capital Outlay Costs	\$6,200	-
Grants, Loans, and Administration	\$1,705,382	\$1,705,259
Centrally Appropriated Costs <sup>1</sup>	\$8,623	\$9,147
<b>Total</b>	<b>\$1,750,000</b>	<b>\$1,750,000</b>
<b>Total FTE</b>	<b>0.6 FTE</b>	<b>0.6 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Local Affairs.** DOLA requires 0.6 FTE to administer the program expansion. Standard operating and capital outlay costs are included for this staff and first-year costs are prorated for a September 1, 2021, effective date.

**Grants, loans, and administration.** Under the bill, DOLA may allocate remaining funding as follows to the programs created under the bill and related administration costs:

- \$682,000 for Grand Junction (40 percent);
- \$341,000 for Trinidad (20 percent); and
- \$682,000 for business training programs (40 percent).

**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. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$8,623 in FY 2021-22 and \$9,147 in FY 2022-23.

**Local Government**

In local governments where the program is available, the bill will increase revenue and workload to support and coordinate with grant recipients on community and economic development issues. Impacts will vary depending on existing infrastructure at the local level for conducting this work.

## Effective Date

The bill takes effect upon signature of the Governor, or on becoming law without his signature.

## State and Local Government Contacts

Corrections  
Information Technology  
Municipalities

Counties  
Law

Economic Development  
Local Affairs