


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 10-1027

Date: June 2, 2010

Prime Sponsor(s): Sen. Kopp
Rep. Sonnenberg

Bill Status: Signed into Law

Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING THE USE OF REVENUES DERIVED FROM LIMITED GAMING ACTIVITY TO FUND RESTORATION WORK ON THE STATE CAPITOL BUILDING, AND, IN CONNECTION THEREWITH, CREATING THE CAPITOL DOME RESTORATION FUND AND REDIRECTING MONEYS FROM THE PORTION OF LIMITED GAMING REVENUE CONSTITUTIONALLY ALLOCATED TO HISTORIC PRESERVATION TO THE CAPITOL DOME RESTORATION FUND.

| Fiscal Impact Summary | FY 2010-11 | FY 2011-12 | FY 2012-13 |
|--|-----------------|-----------------------|-----------------------|
| State Revenue | | | |
| State Transfers or Diversions Transfer from the State Historical Fund to the Capitol Dome Restoration Fund | (\$4.0 million) | (up to \$4.0 million) | (up to \$4.0 million) |
| State Expenditures Cash Funds Capitol Dome Restoration Fund | \$4.0 million | up to \$4.0 million | up to \$4.0 million |
| FTE Position Change | | | |
| Effective Date: The Governor signed the bill into law on May 25, 2010, and unless a referendum petition is filed, the bill will take effect August 11, 2010. | | | |
| Appropriation Summary for FY 2010-11: See State Appropriations section. | | | |
| Local Government Impact: Reduction of a maximum of \$12.0 million over the next three fiscal years from moneys currently reserved for the Statewide Grant Program for Preservation. | | | |

Summary of Legislation

The bill transfers \$4.0 million from the State Historical Fund to the Capitol Dome Restoration Fund for FY 2010-11. All moneys transferred from the State Historical Fund are to come from that portion of the fund reserved for the Statewide Grant Program for Preservation. For FY 2011-12 and FY 2012-13, the bill transfers **up to** \$4.0 million, and specifies that:

- the \$4.0 million maximum amount transferred shall be reduced, dollar for dollar,
 - by the combined total of donations received through cause-related marketing, and,
 - by any grants made by the State Historical Society to repair the capitol dome;

- any dollar-for-dollar reduction shall not apply to emergency contingency expenditures deemed necessary by the State Architect, or to any authorized fees and expenses of any fund raising firm selected by the Capital Development Committee (CDC) for cause-related marketing to repair the capitol dome; and
- any unexpended and unencumbered moneys remaining in the Capitol Dome Restoration Fund on June 30, 2013, shall revert to the State Historical Fund.

Beginning with FY 2010-11, and through each fiscal thereafter until the capitol dome is repaired, no moneys from that portion of the State Historical Fund reserved for the Statewide Grant Program for Preservation shall be used for any purpose other than high-priority construction or preservation projects. The bill establishes reporting requirements.

Background

The Table 1 below provides an estimate of State Historical Fund Gaming Revenue, and distribution of that revenue.

Table 1
Estimated State Historical Fund Gaming Revenue
Current Law Distribution

Millions of Dollars

Source: Legislative Council Staff March 2010 Forecast

| Fiscal Year | State Historical Fund Anticipated Gaming Revenue | 20% Distributed to Gaming Communities | 80% Administered by State Historical Society | |
|-------------|--|---------------------------------------|---|--|
| | | | 49.9% Operations of State Historical Society* | 50.1% Statewide Grant Program for Preservation |
| 2009-10 | \$26.1 | \$5.2 | \$10.4 | \$10.4 |
| 2010-11 | \$27.1 | \$5.4 | \$10.8 | \$10.9 |
| 2011-12 | \$28.3 | \$5.7 | \$11.3 | \$11.3 |
| 2012-13 | \$29.5 | \$5.9 | \$11.8 | \$11.8 |

* Includes Colorado History Museum Certificates of Participation.

State Transfers or Diversions

The bill transfers up to \$12.0 million from the State Historical Fund to the newly created Capitol Dome Restoration Fund over the course of three fiscal years beginning with FY 2010-11, or \$4.0 million annually.

State Expenditures

The bill's total expenditure impact is identified at no more than \$12.0 million over the next three fiscal years. The cost to repair the capitol dome is estimated at \$11.6 million (based on a capital construction request submitted by the Department of Personnel and Administration in each of the last three fiscal years). This analysis assumes that the multi-year transfer of moneys to the Capitol Dome Restoration Fund will cover the cost of repairing the dome. Costs due to unforeseen circumstances that may arise once restoration begins are not known. Additionally, the amount of donations received through any cause-related marketing is unknown. See below.

HB 10-1402, which was adopted and signed into law on May 25, 2010, authorizes the CDC to approve and oversee a two-year grassroots fund-raising effort and any agreements made with a nonprofit statewide historic preservation organization (nonprofit) and a marketing firm for a cause-related marketing and cause-related sponsorship program to raise money to repair the state capitol dome. In March 2010, Colorado Preservation, Inc. (CPI), presented a preliminary project funding strategy to restore the state capitol dome to the CDC. Additionally, the CPI, with the assistance of Creative Strategies Group, has offered to raise money to repair the state capitol dome using cause-related marketing, a children's campaign, a public campaign, and grants and gifts. The CPI would set a goal of raising \$20 million and retain 15 percent of funds raised as its administrative fee. Thus, if CPI met its goal of \$20.0 million raised, the state would receive up to \$17.0 million for the project.

Local Government Impact

The State Historical Fund typically has two grant rounds annually for the Statewide Grant Program for Preservation. As of April 1, 2010, the State Historical Society received grant submissions totaling \$12.0 million. Moneys are awarded annually to public and nonprofit organizations for the purpose of preserving and interpreting Colorado's historic architectural and archaeological resources. The transfer of \$12.0 million from the State Historical Fund over the next three fiscal years will restrict grant submissions to once annually, and reduce the number of awards granted statewide. Additionally, the bill limits awards under the Statewide Grant Program for Preservation to high-priority construction or preservation projects.

State Appropriations

No appropriation is required at this time. It is at the discretion of the General Assembly to appropriate moneys from the Capitol Dome Restoration Fund. This analysis assumes all funding for repair and restoration of the capitol dome will go through the capital construction prioritization process and future appropriations will be made through the annual budget process.

Departments Contacted

Higher Education
Personnel and Administration

Legislature - Legislative Council Staff
Treasury