

Background

According to the state constitution, 40 percent of the net proceeds of the Colorado Lottery are distributed to the Conservation Trust Fund, as administered by the Division of Local Government in the Department of Local Affairs. The department is responsible for the distribution of CTF moneys to certain local governments according to a nondiscretionary, statutory formula. The department is also authorized to use CTF moneys for its direct and indirect costs in the administration of CTF distributions.

The total CTF distribution is divided on a per capita basis, with counties receiving the gross county share based on the unincorporated population of the county, and municipalities receiving a gross municipal share based on their incorporated population. Counties and municipalities must share one-half the per capita distribution from their gross share with any overlapping special districts providing parks and recreation services. Once a local government avails itself of CTF distributions by creating a designated CTF account and following basic certification procedures, the distribution of CTF funds is entirely dependent on population.

According to statistics from the department, special districts receiving CTF funds include 87 metropolitan districts that received \$1.1 million in CTF funds in 2009, 47 parks and recreation districts that received \$3.6 million, and a single school district that received \$196,000. The 87 metropolitan districts include 25 districts wholly inside municipal boundaries, 41 districts entirely located in unincorporated areas, and 21 districts straddling unincorporated and incorporated territory. The 21 metropolitan districts straddling incorporated and unincorporated areas received, in total, approximately 50 percent more CTF funding compared with the total for 41 metropolitan districts located entirely in unincorporated areas. This indicates that metropolitan districts including areas inside municipal boundaries have a substantially higher population base statewide.

State Revenue

Gifts, grants, and donations collected by the Department of Local Affairs for the purposes of implementing the bill will be credited to the Conservation Trust Fund Allocation Expense Fund. The fund must receive \$19,250 in FY 2012-13 to enable the appropriation assumed in this fiscal note; if adequate funding is not received through gifts, grants, and donations, the department will be required to seek through the annual budget process an equivalent appropriation from net lottery proceeds transferred to the Conservation Trust Fund.

In testimony at the February 22, 2012, hearing on HB 12-1254 held by the House Committee on Local Government, the Pueblo West Metropolitan District submitted a written commitment to reimburse the department for the implementation of this bill, without using funds received from state sources, including the Conservation Trust Fund.

State Expenditures

Modification of the Department of Local Affairs' database systems to accommodate treatment of unincorporated metropolitan district areas as a full share CTF distribution involves a one-time increase of \$19,250 in FY 2012-13 costs. Table 1 summarizes the cost components to implement the bill.

Table 1. Expenditures Under HB 12-1254	
Cost Components	FY 2012-13
<i>Department of Local Affairs</i>	
Personal Services (GP III, 120 hrs)	\$3,010
<i>Office of Information Technology</i>	
Programming (80 hrs*\$74/hr)	5,920
Business Analyst (120 hrs*\$86/hr)	10,320
TOTAL	\$19,250

The department and the Office of Information Technology (OIT) will work together to modify the distribution formula in the CTF database and other CTF distribution processes. For OIT, this increased workload includes adding new database fields to recognize the special status of certain metropolitan districts, to accommodate the opt-out provision, to revise the calculation model for distributions, and to test the revised programming. In FY 2012-13, OIT will charge the department for 80 hours of programming time at \$74 per hour (\$5,920) and 120 hours of analyst time at \$86 per hour (\$10,320), a total of \$16,240. The department's workload will also increase by 120 hours for a CTF program staff expert to test the revised distribution process, with an increased personal services cost of \$3,010.

Expenditures Not Included

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. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Department of Local Affairs - Expenditures Not Included Under HB 12-1254*	
Cost Components	FY 2012-13
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$610
Supplemental Employee Retirement Payments	160
TOTAL	\$770

*More information is available at: <http://colorado.gov/fiscalnotes>

Table 3. Estimated Change in Annual CTF Distribution to Local Governments Under HB12-1254*					
<i>County</i>	<i>Affected Local Government</i>	<i>Change in CTF Distribution</i>	<i>County</i>	<i>Affected Local Government</i>	<i>Change in CTF Distribution</i>
Arapahoe	Arapahoe Lake Public Park Dist.	\$2,664	Plains Metro		\$3,460
	Goodman Metro	24,169		Jefferson County	(58,816)
	Arapahoe County	(26,833)	La Plata	Aspen Trails Metro	349
Archuleta	Loma Linda Metro	505		Durango West Metro #1	2,432
	San Juan River Village Metro	121		Durango West Metro #2	3,491
	Archuleta County	(626)		El Rancho Florida Metro	787
Clear Creek	St. Mary's Glacier Metro	974		Forest Lakes Metro	5,082
	Clear Creek County	(974)		Purgatory Metro	165
Douglas	Consol. Bell Mtn. Ranch Metro	2,413		La Plata County	(12,306)
	E-470 Potomac Metro	2,870	Las Animas	Santa Fe Trail Ranch Metro	796
	High Prairie Farms Metro	9,673		Las Animas County	(796)
	Perry Park Metro	5,601	Montrose	Buckhorn Heights Metro	36
	Pinery West Metro #2	6,307		Montrose County	(36)
	Roxborough Village Metro	27,799	Park	Harris Park Metro	2,391
	Douglas County	(54,664)		Will-O-Wisp Metro	1,068
Eagle	Arrowhead Metro	1,274		Park County	(3,460)
	Berry Creek Metro	7,939	Pitkin	Brush Ck. Metro	952
	Cordillera Metro	2,807		Pitkin County	(952)
	Eagle County	(12,020)	Pueblo	Colorado City Metro	10,071
El Paso	Meridian Ranch Metro	11,694		Pueblo West Metro	127,122
	Paint Brush Hills Metro	9,208		Pueblo County	(137,193)
	Woodmen Hills Metro	28,568	Routt	Steamboat II Metro	2,718
	El Paso County	(49,469)		Routt County	(2,718)
Garfield	Battlement Mesa Metro	18,336	Summit	Buffalo Mtn Metro	5,342
	Garfield County	(18,336)		Copper Mountain Consol. Metro	1,632
Jefferson	Deer Creek Metro	4,953		Willow Brook Metro	112
	Forest Hills Metro	1,627		Summit County	(7,085)
	Ken-Caryl Ranch Metro	47,266	Weld	Beebe Draw Farms Metro	250
	Mt. Vernon Country Club	1,511		Weld County	(250)

* This table reflects implementation of the bill based on 2010 population data and 2011 CTF distribution data for metropolitan districts located entirely in unincorporated areas, as reported by the Department of Local Affairs.

Local Government Impact

Assuming that state expenditures are funded through gifts, grants, and donations, the bill does not affect total CTF distributions to local governments. Instead, the bill redistributes CTF moneys, with 17 county governments receiving \$387,000 less in aggregate and 41 metropolitan districts receiving an aggregate increase of the same amount. Table 3, above, lists estimated changes in CTF distribution to each affected local government.

State Appropriations

In FY 2012-13, the Department of Local Affairs requires a cash funds appropriation of \$19,250 from the Conservation Trust Fund Allocation Expense Fund. Of this amount in FY 2012-13, \$16,240 is reappropriated to the Governor's Office of Information Technology.

Departmental Differences

The Department of Local Affairs, in consultation with the Office of Information Technology, estimates that 80 hours of programming are necessary to make changes to the CTF database. Programming is followed by 240 hours of testing and validation in FY 2012-13, to verify that jurisdiction boundaries and population estimates are properly programmed and reported. This fiscal note concurs with and includes costs for these tasks.

In FY 2013-14, the department estimates that an additional 100 hours of testing and validation are required to verify the processing of data dependencies. This task involves 50 hours of support by OIT and 50 hours of CTF program staff time, with a total cost to the department of \$5,554 (of which \$4,300 is reappropriated to OIT).

This fiscal note does not concur with the inclusion of these \$5,554 in costs for additional testing and validation in FY 2013-14, after the first distribution of CTF funds under the bill. The amount estimated for testing and validation by the department is high in comparison to the proportional amount provided in similar information technology projects. This fiscal note finds that the FY 2012-13 appropriation under the bill is adequate to incorporate testing and validation of all relevant CTF database functionality, including testing and validation of date dependencies after the first CTF distribution. Finally, if the first or subsequent CTF distributions under the new formula indicate the need for extensive additional testing, the department may seek appropriate funding for FY 2013-14 through the annual budget process.

Departments Contacted

Local Affairs	Revenue	Treasury
Natural Resources	Law	