

# JOINT BUDGET COMMITTEE



## SUPPLEMENTAL BUDGET REQUESTS FY 2020-21

### DEPARTMENT OF LOCAL AFFAIRS

JBC WORKING DOCUMENT - SUBJECT TO CHANGE  
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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JANUARY 21, 2021

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# DEPARTMENT OF LOCAL AFFAIRS

## DEPARTMENT OVERVIEW

The Department of Local Affairs (DOLA) is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department's budget is comprised of four sections:

- The *Executive Director's Office* provides leadership and support, including strategic planning, policy management, accounting, budgeting, purchasing, human resources administration, and public information. The State Demography Office is also housed within the Executive Director's Office.
- The *Division of Property Taxation* operates under the leadership of the *Property Tax Administrator*, who is appointed by the *State Board of Equalization*. This division: (1) coordinates and administers the implementation of property tax law throughout the state, including issuing appraisal standards and training county assessors; (2) grants exemptions from taxation for eligible entities; and (3) values multi-county companies doing business in Colorado, including railroads, pipelines, and other public utilities. The *Board of Assessment Appeals* is a quasi-judicial body that hears individual taxpayer appeals concerning the valuation of real and personal property, property tax abatements, and property tax exemptions.
- The *Division of Housing* administers state and federal affordable housing programs, including: (1) providing funding to private housing developers, housing authorities, and local governments to increase the inventory of affordable housing; and (2) offering rental assistance statewide through local housing authorities and not for profit service organization. This division also regulates the manufacture of factory-built residential and commercial buildings, and approves multi-family construction in counties with no construction codes.
- The *Division of Local Government* provides technical assistance and information to local government officials. This division also makes state and federal financial resources available to support community infrastructure and services through various statutory formula distributions and grant programs.

## SUMMARY: FY 2020-21 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF LOCAL AFFAIRS: RECOMMENDED CHANGES FOR FY 2020-21						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2020-21 APPROPRIATION</b>						
HB 20-1360 (Long Bill)	\$337,148,712	\$41,432,649	\$200,338,105	\$13,420,858	\$81,957,100	199.8
Other Legislation	33,544,038	37,123,788	(5,337,555)	1,757,805	0	1.7
<b>CURRENT FY 2020-21 APPROPRIATION:</b>	<b>\$370,692,750</b>	<b>\$78,556,437</b>	<b>\$195,000,550</b>	<b>\$15,178,663</b>	<b>\$81,957,100</b>	<b>201.5</b>
<b>RECOMMENDED CHANGES</b>						
Current FY 2020-21 Appropriation	\$370,692,750	78,556,437	\$195,000,550	\$15,178,663	\$81,957,100	201.5
S1 Create RENEW Initiative Grants line item	0	0	0	0	0	0.0
Annual fleet vehicle true-up	14,313	14,313	0	0	0	0.0
<b>RECOMMENDED FY 2020-21 APPROPRIATION:</b>	<b>\$370,707,063</b>	<b>\$78,570,750</b>	<b>\$195,000,550</b>	<b>\$15,178,663</b>	<b>\$81,957,100</b>	<b>201.5</b>
<b>RECOMMENDED INCREASE/(DECREASE)</b>	<b>\$14,313</b>	<b>\$14,313</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>FY 2020-21 EXECUTIVE REQUEST</b>						
Request Above/(Below) Recommendation	\$5,000,000	\$5,000,000	\$0	\$0	\$0	0.0

\*Represents the requested appropriation change and not staff recommendation. This request item will be addressed in a future staff supplemental recommendation for the Department of Personnel.

### REQUEST/RECOMMENDATION DESCRIPTIONS

**S1 CREATE RENEW INITIATIVE GRANTS FUNDING LINE ITEM [LEGISLATION REQUIRED]:** The request includes an increase of \$5.0 million General Fund to create a new line item for RENEW Initiative Grants within the Division of Local Government. JBC Staff recommends denial of the Department's request.

**ANNUAL FLEET VEHICLE TRUE-UP:** The request includes an increase of \$14,313 General Fund for an adjustment to the Department's share of expenses related to leasing fleet vehicles through the Department of Personnel. Staff's recommendation is pending. This request item will be addressed in a separate staff supplemental presentation for the Department of Personnel on January 20th. Staff will incorporate the Committee's action on January 20<sup>th</sup> into the supplemental bill for the Department of Local Affairs. Note, the dollar amount in the summary table above represents the requested appropriation change.

## PRIORITIZED SUPPLEMENTAL REQUESTS

### S1 CREAT RENEW INITIATIVE GRANT FUNDING LINE ITEM [LEGISLATION REQUIRED]

	REQUEST	RECOMMENDATION
<b>TOTAL</b>	<b>\$5,000,000</b>	<b>\$0</b>
FTE	0.0	0.0
General Fund	\$5,000,000	\$0
Cash Funds	0	0
Federal Funds	0	0

**Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?** **NO**

[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

**Explanation:** The Department submitted this request under the criterion: "Data Which Was Not Available When the Original Appropriation Was Made", citing the fact that applications for RENEW projects exceed available funding as new data. JBC staff disagrees that demand for a competitive grant program exceeding available funds is compelling data as it relates to the supplemental process. Additionally, the General Assembly did not make the "original appropriation" for this program. The RENEW Initiative was created using the Department's existing Energy/Mineral Impact Assistance Funds for a set aside under the Executive Director's authority. Thus, staff concludes that this request does not meet any of the criteria used to screen supplemental funding requests.

**DEPARTMENT REQUEST:** The request includes \$5.0 million General Fund to create a RENEW Initiative Grants line item within the Division of Local Government. The new grant program would be functionally the same as the Department's existing Renewable and Clean Energy Initiative that was launched in summer 2019 using a one-time set aside of \$12.0 million from existing Energy/Mineral Impact Assistance Funds (EIAF).

**STAFF RECOMMENDATION:** Staff recommends that the Committee deny the Department's request.

#### STAFF ANALYSIS:

The Renewable and Clean Energy Initiative was created in 2019 using a \$12.0 million set aside from existing EIAF funds in order to prioritize renewable and clean energy projects consistent with broader renewable energy goals. The original allocation has been awarded as of December 2020.

The Department has identified \$6.7 million of projects in the immediate shovel ready pipeline, including:

- a solar array for the Kiowa County Hospital District
- implementation of Phase 1 of Pueblo County's electric vehicle charging network
- a community solar garden for the City of Craig, Steamboat Springs, Moffat County, Routt County, and the Towns of Yampa and Hayden;
- energy efficiency improvements and a solar array at the City of Longmont wastewater treatment plant;
- a solar/EV bus charging canopy and potential microgrid system on the Aurora Community College campus;

- energy performance contracting and a solar array for the Town of Crested Butte; and
- a micro-hydro system for the Town of Creede.

All projects are anticipated to begin within six months of full funding, therefore providing an immediate economic stimulus in areas that receive funding. Awardees will also be required to contribute various degrees of local matching funds. There is no increase in administrative costs associated with this request; staff within the Division of Local Government who are overseeing the existing RENEW Initiative will manage the additional funding.

Although the Department indicated in its submission that this request meets supplemental criteria, JBC staff disagrees. The requested funding is not necessary to rectify a technical error, nor is it based on new information related to an existing appropriation or an unforeseen contingency, but rather would be used to implement a new program in the middle of a fiscal year. The RENEW Initiative in its current form was originally funded through a set aside from Energy/Mineral Impact Assistance Funds to align with the Executive Director's and Governor's priorities; the General Assembly did not provide an "original appropriation" for this program. It should also be noted that the Department did not submit a request to continue funding for this program in FY 2021-22.

The request submission indicates that legislation is not required to implement this request, however, JBC and Legislative Legal Services staff disagree. The Committee would need to sponsor separate legislation as part of the supplemental budget package in order for the General Assembly to appropriate funds for this program through the Long Bill, and for the Department to make RENEW grants from the appropriation. Absent approval of this request, the Department has statutory authority to continue funding these types of projects through annual set asides. However, severance tax and federal mineral lease revenues used to fund EIAF grants and RENEW projects have substantially declined since the initial set aside was made in FY 2019-20, and is not expected to improve significantly until FY 2022-23.

## STATEWIDE COMMON POLICY SUPPLEMENTAL REQUESTS

This request is not prioritized and is not analyzed in this packet. The JBC will act on this item later when it makes decisions regarding common policies.

DEPARTMENT'S PORTION OF STATEWIDE SUPPLEMENTAL REQUEST	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
Annual fleet supplemental	\$14,313	\$14,313	\$0	\$0	\$0	0.0
<b>DEPARTMENT'S TOTAL STATEWIDE SUPPLEMENTAL REQUESTS</b>	<b>\$14,313</b>	<b>\$14,313</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

**STAFF RECOMMENDATION:** The staff recommendation for this request is pending Committee action on common policy supplementals. Staff will include the corresponding appropriation in the Department's supplemental bill based on Committee action on common policy supplementals. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis.

*JBC Staff Supplemental Recommendations - FY 2020-21  
Staff Working Document - Does Not Represent Committee Decision*

**Appendix A: Numbers Pages**

	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2020-21 Requested Change	FY 2020-21 Rec'd Change	FY 2020-21 Total w/Rec'd Change
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**DEPARTMENT OF LOCAL AFFAIRS**  
Richard Garcia, Executive Director

**RENEW Initiative Grants**

**(4) DIVISION OF LOCAL GOVERNMENT**

**(B) Field Services**

RENEW Initiative Grants Funding	<u>0</u>	<u>0</u>	<u>5,000,000</u>	<u>0</u>	<u>0</u>
General Fund	0	0	5,000,000	0	0

<b>Total for RENEW Initiative Grants</b>	0	0	5,000,000	0	0
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	0	5,000,000	0	0

<b>Totals Excluding Pending Items</b>					
<b>LOCAL AFFAIRS</b>					
<b>TOTALS for ALL Departmental line items</b>	356,091,924	370,692,750	5,000,000	0	370,692,750
<i>FTE</i>	<u>176.6</u>	<u>201.5</u>	<u>0.0</u>	<u>0.0</u>	<u>201.5</u>
General Fund	42,117,126	74,211,437	5,000,000	0	74,211,437
General Fund Exempt	4,265,444	4,345,000	0	0	4,345,000
Cash Funds	204,587,810	195,000,550	0	0	195,000,550
Reappropriated Funds	11,782,456	15,178,663	0	0	15,178,663
Federal Funds	93,339,088	81,957,100	0	0	81,957,100