



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 21-0887 **Date:** September 22, 2021
Prime Sponsors: Sen. Donovan; Simpson **Bill Status:** Signed into Law
Rep. McCormick; Holtorf **Fiscal Analyst:** Clare Pramuk | 303-866-2677
clare.pramuk@state.co.us

Bill Topic: **LOAN PROGRAM FOR COLORADO AGRICULTURE**

Summary of Fiscal Impact:

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

This bill creates and funds the Colorado Agricultural Future Loan Program in the Department of Agriculture. The bill makes a one-time transfer and increases state revenue and expenditures on ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires and includes an appropriation of \$165,890 to the Department of Law.

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

Table 1
State Fiscal Impacts Under SB 21-248

		Current Year FY 2020-21	Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-	-
Expenditures	Cash Funds	-	\$345,011	\$278,875
	Centrally Appropriated	-	\$105,716	\$92,112
	Total Expenditures	-	\$450,727	\$370,987
	Total FTE	-	2.9 FTE	2.6 FTE
Transfers	General Fund	(\$30,000,000)	-	-
	Cash Funds	\$30,000,000	-	-
	Net Transfer	\$0	-	-
TABOR Refund			-	-

Summary of Legislation

This bill creates the Colorado Agricultural Future Loan Program and the continuously appropriated Colorado Agricultural Future Loan Program Cash Fund in the Department of Agriculture. The Commissioner of Agriculture is required to promulgate rules necessary to implement the loan program. The department may contract with one or more financial entities for help in administering the program and is required to report to the General Assembly on the loan program annually beginning on or before December 15, 2021.

Beginning on or before January 1, 2022, and until January 1, 2025, the department may distribute money from the Colorado Agricultural Future Loan Program Cash Fund to financial entities to award farm-to-market infrastructure loans to eligible applicants. The department is not permitted to engage in direct lending activities.

Beginning on or before January 1, 2022, the department may award farm-to-market infrastructure grants directly to eligible applicants. In administering the loan program, the department, to the extent practicable, shall attempt to award between:

- \$5.0 million and \$10.0 million in farm-to-market infrastructure loans or farm-to-market infrastructure grants by June 30, 2022; and
- \$10.0 million and \$20.0 million in low-interest loans to eligible applicants by December 31, 2022.

Beginning January 1, 2023, to the extent practicable, the department is required to prioritize the provision of loans to eligible farmers or ranchers who apply for loans or grants from the loan program and who have owned or operated a farm or ranch for less than 10 years or represent a population that is underserved or underrepresented in Colorado agriculture.

The bill also transfers \$30,000,000 from the General Fund to the Colorado Agricultural Future Loan Program Cash Fund and allows the department to use up to 1.5 percent of this amount (\$450,000) to set up the loan program and up to 1.0 percent of this amount (\$300,000) for the direct and indirect costs of administering the loan program.

State Revenue

The bill will increase state revenue to the Colorado Agricultural Future Loan Program Cash Fund from interest earned and any fees collected on loans issued. These amounts will depend on the rules promulgated by the commissioner, the interest rates on loans, and whether any fees will be required for processing a loan, and have not been estimated. This revenue is subject to TABOR.

State Transfers

The bill transfers \$30.0 million from the General Fund to the Colorado Agricultural Future Loan Program Cash Fund in FY 2020-21.

Assumptions

The fiscal note assumes that the department is authorized to spend up to \$1,050,000 in the first two years of implementation. This includes \$450,000 for startup costs and \$300,000 each year for direct and indirect costs.

State Expenditures

The Department of Agriculture will have increased expenditures of \$450,727 and 2.0 FTE in FY 2021-22 and \$370,987 and 2.0 FTE in FY 2022-23 and future years from the Colorado Agricultural Future Loan Program Cash Fund. These costs are shown in Table 2 and explained below.

Table 2
Expenditures Under SB 21-248

	FY 2020-21	FY 2021-22	FY 2022-23
Department of Agriculture			
Personal Services	-	\$162,981	\$162,981
Operating Expenses	-	\$2,700	\$2,700
Capital Outlay Costs	-	\$12,400	-
Mileage	-	\$1,040	\$2,600
Legal Services	-	\$165,890	\$110,594
Centrally Appropriated Costs ¹	-	\$105,716	\$92,112
FTE – Personal Services	-	2.0 FTE	2.0 FTE
FTE – Legal Services	-	0.9 FTE	0.6 FTE
Total Cost	-	\$450,727	\$370,987
Total FTE	-	2.9 FTE	2.6 FTE

Centrally appropriated costs are not included in the bill's appropriation.

Loan program administration. The department will add a program manager and accountant to administer the loan program. After staff develops rules, procedures, and application forms, they will begin accepting applications and processing and issuing loans. The Department of Law will provide 1,560 hours of legal services and 0.9 FTE to support the loan program in FY 2021-22 and 1,040 hours and 0.6 FTE in FY 2022-23. Costs also include mileage for the program manager to travel for stakeholder engagement and to monitor projects funded by department loans.

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 \$105,716 in FY 2021-22 and \$92,112 in FY 2022-23.

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers. TABOR refunds are paid from the General Fund. This estimate is based on the June 2021 LCS revenue forecast, which incorporates the revenue impacts of bills passed during the 2021 session. A forecast of state revenue subject to TABOR is not available beyond FY 2022-23.

Federal ARPA funds. This bill increases state revenue, which may impact the state's flexibility in spending federal American Rescue Plan Act (ARPA) funds. For more information, see the LCS memo, titled "Legislative Changes and Flexibility in Use of American Rescue Plan Funds," available online at: <https://leg.colorado.gov/node/2211881>.

Effective Date

The bill was signed into law by the Governor and took effect on June 29, 2021.

State Appropriations

In FY 2021-22, the Department of Law requires \$165,890 in reappropriated funds from the Colorado Agricultural Future Loan Program Cash Fund in the Department of Agriculture and 0.9 FTE.

State and Local Government Contacts

Agriculture

Law