



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated May 3, 2021)

Drafting Number: LLS 21-0887 Date: May 21, 2021
Prime Sponsors: Sen. Donovan; Simpson Bill Status: House Agriculture
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: [X] State Revenue [X] State Expenditure [X] State Transfer [] TABOR Refund [] Local Government [] 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 an appropriation of \$199,068 to the Department of Law.

Fiscal Note Status: This revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under SB 21-248

Table with 4 columns: Category, Current Year FY 2020-21, Budget Year FY 2021-22, Out Year FY 2022-23. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers (General Fund, Cash Funds, Net Transfer), and 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 program will provide loans for farm-to-market infrastructure until January 1, 2023, and to eligible farmers, ranchers, and businesses on an ongoing basis. The Commissioner of Agriculture is required to promulgate rules necessary to implement the loan program. The department will begin awarding loans on or before January 1, 2022, for purposes specified in the bill and according to the rules promulgated by the commissioner. 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.

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 \$490,730 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	-	\$199,068	\$110,594
Centrally Appropriated Costs ¹	-	\$112,541	\$92,112
FTE – Personal Services	-	2.0 FTE	2.0 FTE
FTE – Legal Services	-	1.0 FTE	0.6 FTE
Total Cost	-	\$490,730	\$370,987
Total FTE	-	3.0 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 1,872 hours of legal services and 1.0 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 \$112,541 in FY 2021-22 and \$92,112 in FY 2022-23.

TABOR refunds. The bill increases state revenue subject to TABOR. For FY 2022-23, the March 2021 LCS forecast projects revenue to fall short of the TABOR limit by \$28.6 million, or 0.2 percent of the limit. If actual revenue exceeds the limit, the bill will increase the amount required to be refunded to taxpayers from the General Fund in FY 2023-24.

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

State Appropriations

In FY 2021-22, the Department of Law requires \$199,068 in reappropriated funds from the Colorado Agricultural Future Loan Program Cash Fund in the Department of Agriculture and 1.0 FTE.

State and Local Government Contacts

Agriculture

Law