



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number:	LLS 22-0531	Date:	June 15, 2022
Prime Sponsors:	Rep. Bird Sen. Zenzinger; Priola	Bill Status:	Lost in House
		Fiscal Analyst:	Will Clark 303-866-4720 Will.Clark@state.co.us

Bill Topic: **ESSENTIAL SERVICES FOR YOUTH SPECIAL DISTRICTS**

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Special District
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill would have created an "essential services for youth special district" in each judicial district and authorized these new special districts to seek voter approval to levy and collect taxes to fund local Court-Appointed Special Advocate programs and providers of youth services. Beginning in FY 2024-25, this bill might have increased state expenditures and special district revenue and expenditures.

Appropriation Summary: No appropriation would have been required.

Fiscal Note Status: The fiscal note reflects the engrossed bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

This bill creates an "essential services for youth special district" in each judicial district. These special districts are inactive until certain actions are taken. Once activated and a board appointed, these special districts are authorized to seek voter approval to levy and collect a uniform sales and use tax, a property tax, or both throughout the geographical area of the district to provide funding to service providers that assist at-risk youth in the special district. Elections must comply with TABOR.

Board of Directors. Local government authorities make appointments to the seven-member board of directors of the new special districts within the judicial district boundaries. Directors receive no compensation for their services but may be reimbursed for their necessary expenses while serving. Each board must conduct business at regular meetings that are open to the public at least three times each year. Directors of the board and officers and employees of the special district are public employees for the Colorado Governmental Immunity Act purposes, and the board is subject to the Colorado Open Records Act.

Authorizing elections. An essential services for youth special district may submit a resolution adopted by its board to the registered electors at a general election, an election held the first Tuesday of November in an odd-numbered year, or a biennial local district election, the question of whether to

levy and collect sales and use taxes or property taxes. If approved, the sales and use tax will be administered by the Department of Revenue (DOR), with the district paying the costs incurred by the DOR. County assessors will collect property taxes.

Taxes may not be collected until January 1 of the calendar year following the year in which a taxing authority was approved in a biennial local district election, or until July 1 of the calendar year following the year in which a taxing authority was approved in an election in an odd-numbered year. The bill also allows boards of county commissioners to exclude their counties from the boundaries of a special district that has approved taxing authority, under certain circumstances.

Tax collection. The DOR will have costs to collect, administer and enforce any newly approved youth special district sales and use taxes. The bill allows the DOR to retain an amount of the taxes collected from new districts to pay for these costs. Tax revenue retained for these purposes must be credited to the Essential Youth Special District Cash Fund, which is created by the bill and continuously appropriated to the DOR.

Tax revenue. The bill requires that after deducting for district expenses, at least 60 percent of the voter-approved tax revenue go to the special district's local Court-Appointed Special Advocate (CASA) program, and at most 40 percent go to grant programs to support service providers. These service providers must use the tax revenue in one of the following areas:

- health, safety, wellness, or mental health of youth;
- services, including housing, for unhoused at-risk youth;
- programs to support at-risk youth in the judicial system by virtue of filing a dependency and neglect action;
- programs that provide forensic support, including the cost of administration; or
- construction of facilities.

The tax revenue may not be used for daycare, data collection, school-based education, or recreational or fitness programs and cannot be used to replace existing sources of state, private or federal funding.

Grant program. Grant program recipients must be qualified, have at least two years of good standing operation in the district, and demonstrate successful service delivery and financial management. The board will review the applications and award grants to service providers. The board must also develop reporting requirements and review procedures such that funding can be revoked if the organization does not comply with the law.

Background

Local CASA programs provide volunteers who advocate for a child's best interests, primarily in dependency and neglect cases but also in domestic relations and probate cases. Community organizations providing CASA volunteers must meet certain requirements and operate under memoranda of understanding with the judicial district or districts they serve. There are currently 18 local CASA programs in Colorado that serve 18 of the 22 judicial districts. Statewide, the CASA Program is overseen by the Office of the Child's Representative, and \$1.5 million in state General Fund was appropriated in FY 2021-22 to support these programs.

State Expenditures and Revenue

Starting in FY 2024-25, the bill will increase state expenditures in the DOR and the Judicial Department to the extent that new youth special districts are formed and receive voter approval for taxing authority. A portion of any taxes collected by DOR on behalf of new special districts will be retained to cover costs of implementing the bill. This revenue is subject to TABOR.

Department of Revenue. Starting in FY 2024-25, if a special district is formed and granted taxing authority via an election, the bill will increase costs in the DOR to collect, administer and enforce any newly approved tax revenue, paid from the Essential Youth Special District Cash Fund.

Costs will include identifying needed program changes, as well as programming, updates and maintenance for the GenTax system, the Sales and Use Tax System (SUTS) and the Colorado Driver License, Record, Identification, and Vehicle Enterprise Solutions (DRIVES) System, and for ongoing reporting and analysis. This work includes programming upgrades that would allow the DOR to create new special district types that it can collect taxes from, including one-time costs of \$381,446, and ongoing maintenance costs of \$26,400. The DOR will also have one-time programming costs of \$4,500 per-district. If the DOR finds another source of funding for the costs to allow for creation of new special district types, programming costs from the Essential Youth Special District Cash Fund will only be \$4,500 for each new youth special district.

Judicial Department. The Office of the Child Representative will have an increase in workload to cover additional administrative duties, to the extent the bill results in increased CASA funding and appointments at the local level. Additionally, the Chief Judges of the judicial districts will have a minimal but absorbable increase in workload if a new district is activated.

Other Budget Impacts

TABOR refunds. A forecast of state revenue subject to TABOR is not available beyond FY 2023-24. Because TABOR refunds are paid from the General Fund, increased cash fund revenue in years in which there is a TABOR surplus will increase the TABOR refund obligation, which will reduce the amount of General Fund otherwise available to spend or save. In years when revenue subject to TABOR falls below the Referendum C cap, the bill will not impact the amount of General Fund revenue available for spending or saving.

Special Districts

This bill creates new special districts with authority to collect taxes to support youth services. This local funding will support local CASA programs and youth service providers. Counties and municipalities that choose to activate the special districts will have an increased workload to appoint board members and conduct elections in some instances.

Effective Date

The bill was lost on third reading in the House of Representatives on May 5, 2022.

State and Local Government Contacts

Child Protection Ombudsman
Counties
District Attorneys
Human Services
Municipalities
Secretary of State
Special Districts
Revenue

Child Welfare
County Clerk
Judicial
Local Affairs
Office of Public Guardianship
Sheriffs
State Auditor
Office of the Child's Representative