



**Colorado
Legislative
Council
Staff**

HB16-1456

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-1239
Prime Sponsor(s): Rep. Lontine
Sen. Crowder

Date: April 29, 2016
Bill Status: House SVMA
Fiscal Analyst: Kori Donaldson (303-866-4976)

BILL TOPIC: SALE OF STATE LAND FOR FORT LOGAN NATIONAL CEMETERY

| Fiscal Impact Summary | FY 2016-2017 | FY 2017-2018 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|
| State Revenue Cash Fund | at least \$2,855,336 | |
| State Expenditures Cash Fund | | up to \$2,855,336 |
| TABOR Impact | | |
| Appropriation Required: None. | | |
| Future Year Impacts: An appropriation or appropriations and expenditures of at least \$2.8 million commencing in FY 2017-18 and continuing until the sale profits are fully expended. | | |

Summary of Legislation

The bill authorizes the Department of Human Services (DHS) to sell up to 15 acres of vacant land around the Colorado Mental Health Institute at Fort Logan to the United States Department of Veterans Affairs at fair market value for purpose of expanding the Fort Logan National Cemetery.

The sale proceeds will be credited to the Fort Logan National Cemetery Fund (cemetery fund), which is created by the bill. The sale proceeds will later be appropriated from the cemetery fund to the Central Fund for Veterans Community Living Centers (central fund), subject to certain limitations, and may be used for one-time costs at Veterans Community Living Centers. At least 60 days prior to such expenditure, DHS must report its recommended use of the sale proceeds to the State, Veterans, and Military Affairs Committees, the Capital Development Committee, and the Joint Budget Committee.

State Revenue

The bill is anticipated to increase state cash fund revenue by at least \$2.8 million, based on the fair market value of the sale property reported by DHS. The fair market value is based on an appraisal conducted in 2013 for the 90-acre Fort Logan campus. The appraisal estimated the

fair market value at \$4 per square foot and projected that the fair market value would increase at a rate of 3 percent a year, resulting in a 37cent per square foot increase in value since the appraisal. Based on a fair market value of \$4.37 per square foot x 15 acres (or 653,395 square feet), the current estimated value of the land is \$2,855,336. This fiscal note assumes that DHS will sell the property during FY 2016-17 at a price at or above the \$4.37 per square foot fair market value identified by the appraisal.

State Expenditures

The bill increases future state expenditures from the central fund by at least \$2.8 million. The total amount expended is dependent on the final sale price of the property on the Fort Logan campus and potential future interest earnings on the cemetery fund. Expenditures from the cemetery fund to the central fund are subject to appropriation. For each fiscal year, the bill limits appropriations from the cemetery fund to the central fund to no more than 10 percent of the total revenues to the central fund, including specified General Fund appropriations.

Based on the 2016 Long Bill, the 10 percent limit for FY 2016-17 is \$5.4 million. Of this amount, an \$800,000 General Fund appropriation must be included in the 10 percent calculation. Therefore, for FY 2016-17, DHS could appropriate up to \$4.6 million (or \$5.4 million minus \$0.8 million) to meet but not exceed the 10 percent revenue limit. This fiscal note assumes that the amount the department could appropriate under the 10 percent limit will remain stable or increase in the out years. Based on this assumption, the department could request an appropriation of the full sale price amount in FY 2017-18; however, DHS may opt to appropriate the proceeds over several fiscal years depending on the future project or projects it decides to address with these proceeds.

State and Local Government Contacts

Human Services

Military Affairs

Personnel