



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

**FISCAL NOTE**

**Drafting Number:** LLS 18-0029  
**Prime Sponsors:** Rep. Lewis  
 Sen. Sonnenberg; Marble

**Date:** March 7, 2018  
**Bill Status:** House Health, Insurance, and  
 Environment  
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**Bill Topic:** ACCOUNTING OF CONSERVATION EASEMENTS IN THE STATE

**Summary of Fiscal Impact:**

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

The bill requires the Office of the State Auditor to contract for a comprehensive accounting and mapping of conservation easements. The bill increases expenditures beginning with FY 2018-19.

**Appropriation Summary:** For FY 2018-19, the bill requires an appropriation of \$1,150,000 to the Office of the State Auditor.

**Fiscal Note Status:** This fiscal note is provided pursuant to Joint Rule 22 (b) (2) and reflects strike-below Amendment L.001.

**Table 1**  
**State Fiscal Impacts Under HB 18-1122**

		FY 2018-19	FY 2019-20
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	<b>\$1,150,000</b>	<b>\$55,000</b>
<b>Transfers</b>		-	-

## Summary of Legislation

No later than November 1, 2018, this bill requires that the Office of the State Auditor (OSA) contract with a qualified independent person or entity to conduct an accounting of the conservation easements in the state created since 1998. The bill identifies the required information that must be contained in the accounting report for each conservation easement, including:

- location and acreage by county;
- names and address of grantors of the easement or their heirs, and the names and address of all holders of the easement since its creation;
- whether the holder is a certified land conservation entity;
- the purposes of the easement;
- any deeds, contracts, or other legal instruments affecting the easement; and
- the amount of income tax credits claimed for the easement and amount of tax credits transferred to another taxpayer, if any.

The accounting of conservation easements must also include a geographic information systems (GIS) database and corresponding map that displays the boundaries of each easement relative to county boundaries, and other relevant mapping information.

The bill requires that the following public entities cooperate and provide information and input into the preparation of the accounting:

- The Division of Real Estate and the Colorado Conservation Easement Oversight Commission in the Department of Regulatory Agencies;
- The Department of Revenue;
- The Department of Natural Resources;
- The Department of Agriculture; and
- county and municipal governments.

The OSA is required to present the contents of the accounting report no later than December 31, 2019. Following this report, the Legislative Audit Committee must conduct a subsequent meeting no earlier than 60 days and no later than 120 following the OSA report to allow public testimony and to consider the report's conclusions. The OSA is required to make the report publically available on the OSA website and all related GIS data must be available for public download. The OSA must annually update the report and map to include new easements.

## State Expenditures

The bill increases state expenditures by \$1,150,000 in FY 2018-19, and by \$55,000 in FY 2019-20 and thereafter. New costs are displayed in Table 2 and described below.

**Table 2**  
**Expenditures Under HB 18-1122**

	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>Office of State Auditor</b>		
Contracted services	\$875,000	-
Travel	\$25,000	-
GIS mapping and website development	\$250,000	-
IT updates and maintenance	-	\$55,000
<b>Total Cost</b>	<b>\$1,150,000</b>	<b>\$55,000</b>

**Contracted services.** The OSA will contract with a qualified third party vendor to work with local governments and state agencies to prepare the full accounting of conservation easements. This cost has a preliminary estimate based on an analysis of 157 conservation easements at an approximate per easement cost of \$5,575 per analysis. This estimate is consistent with costs incurred to create a similar map of conserved land prepared for and housed at

**Travel.** The selected vendor will be required to travel to county clerk's offices in order to conduct some of the research necessary to prepare the accounting. A preliminary estimate of this expenses assumes 2 nights travel to at least 50 county seats at an average federal per diem amount of \$250, for a total of \$25,000.

**GIS mapping / website development.** Creating a GIS database and corresponding map that is available for public download and maintained on the website of the OSA is estimated to require up to \$250,000 of information technology contracting in FY 2018-19 and up to \$55,000 annually thereafter for server storage, maintenance and updating.

**Other state agencies.** State agencies including the Departments of Regulatory Agencies, Revenue, Natural Resources, and Agriculture will experience increased workload in order to assist the outside vendor with a full accounting of state conservation easements. This workload may be significant for some agencies and may require additional financial resources; however, this has not yet been estimated. No initial appropriations are required for these agencies.

### **Local Government**

Local governments, especially county clerk's offices, will be required to assist the outside vendor to access relevant documents retained at the local level. This fiscal note assumes that clerks will process requests for information and documents using their regular process, including charging fees where necessary to cover the cost of document retrieval.

### **Effective Date**

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

## State Appropriations

For FY 2018-19, the bill requires a General Fund appropriation of \$1,150,000 to the Office of State Auditor.

## State and Local Government Contacts

Information Technology  
Regulatory Agencies

Law  
Revenue

Local Affairs  
State Auditor

Natural Resources