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HB 18-1291

**REVISED
FISCAL NOTE**

(replaces fiscal note dated March 15, 2018)

Drafting Number: LLS 18-0394
Prime Sponsors: Rep. Winter; Thurlow
Sen. Sonnenberg

Date: April 2, 2018
Bill Status: House Appropriations
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Bill Topic: SUNSET CONSERVATION EASEMENT OVERSIGHT COMMISSION

Summary of Fiscal Impact:

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

Sunset bill. HB 18-1291 continues the Conservation Easement Oversight Commission in the Division of Real Estate in the Department of Regulatory Agencies, which is scheduled to repeal on July 1, 2018. State fiscal impacts include the continuation of the commission's current expenditures. The program is continued through September 1, 2025.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the bill as amended by the House Transportation and Energy Committee

**Table 1
State Fiscal Impacts Under HB 18-1291***

New Impacts		FY 2018-19	FY 2019-20
Revenue	Cash Funds	-	-
Expenditures	Cash Funds	-	-
Continuing Program Impacts		FY 2018-19	FY 2019-20
Revenue	Cash Funds	-	-
Expenditures	Cash Funds	-	< \$5,000
	FTE	-	-

* Table 1 shows the new impacts resulting from changes to the program under the bill, and the continuing impacts from extending the program beyond its current repeal date. Because the bill continues a program without making any significant changes, there are no new impacts. The continuing program impacts will end if the bill is not passed and the program is allowed to repeal.

Summary of Legislation

The bill implements the recommendations of the Department of Regulatory Agencies (DORA) in its 2017 sunset review of the Conservation Easement Oversight Commission in the Division of Real Estate in the DORA by extending the repeal date of the commission until September 1, 2025.

Additionally, the bill makes modifications to the composition of commission, reduces membership from nine to seven members, and converts the commission from a Type 2 Agency to a Type 1 Agency, permitting the commission to exercise its powers, duties, and functions independent from the Department of Regulatory Agencies.

The bill also requires that the commission adopt rules to effectuate the duties of the commission, specifically addressing:

- a process for expedited or automatic certification of an entity that is currently accredited by national land conservation organizations broadly accepted by the conservation industry;
- a streamlined and lower-cost process for conservation easement holders that do not intend to accept new donations of conservation easements for which tax credits will be claimed, and that focuses on the holder's stewardship capabilities;
- ensuring that the fees are adequate to pay for administrative costs but not so high as to act as a disincentive to the creation of conservation easements in the state; and
- the adoption of best practices, processes, and procedures used by other entities that regularly review conservation easement transactions.

The bill creates the Department of Regulatory Agencies Conservation Easement Certification Cash Fund. All fees and other money collected by the commission is credited to this cash fund and is not deposited in or transferred to the General Fund, or any other cash fund. The authority to promulgate rules further includes the authority to establish monthly caps on the number of applications for tax credit certificates and preliminary advisory opinions accepted by the department.

Background

The commission is supported by staff in the Division of Real Estate in the DORA that certify conservation easement holders. That certification program that the commission supports is also under sunset review in House Bill 18-1290.

Continuing Program Impacts

Based on the 2017 sunset review, DORA had no direct revenue or expenditures to administer the Conservation Easement Oversight Commission but did receive and spend approximately \$500,000 annually to support the program to certify conservation easement holders. These resources also support the work of the commission. This fiscal note assumes that expense reimbursements and travel expenses for commission members is less than \$5,000 annually.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. The transfer of the commission as a Type 1 agency takes effect on July 1, 2019.

State and Local Government Contacts

Law
Regulatory Agencies

Natural Resources
Revenue