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Fiscal Note

Drafting Number: LLS 21-0887 Date: May 3, 2021
Prime Sponsors: Sen. Donovan; Simpson Bill Status: Senate Agriculture
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Bill Topic: LOAN PROGRAM FOR COLORADO AGRICULTURE

- Summary of Fiscal Impact:
[X] State Revenue [ ] TABOR Refund
[X] State Expenditure [ ] Local Government
[X] State Transfer [ ] Statutory Public Entity

This bill creates and funds the Colorado Agricultural Future Loan Program in the Department of Agriculture. The bill increases state revenue and expenditures on ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$165,890 to the Department of Law.

Fiscal Note Status: The fiscal note reflects the introduced 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 a nonprofit organization 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. These limits are repealed January 1, 2022.

## **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.

## **State Expenditures**

The Department of Agriculture will have increased expenditures of \$450,727 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
<b>Department of Agriculture</b>			
Personal Services	-	\$162,981	\$162,981
Operating Expenses	-	\$2,700	\$2,700
Capital Outlay Costs	-	\$12,400	-
Mileage	-	\$1,040	\$2,600
Legal Services	-	\$165,890	\$110,594
Centrally Appropriated Costs <sup>1</sup>	-	\$105,716	\$92,112
FTE – Personal Services	-	2.0 FTE	2.0 FTE
FTE – Legal Services	-	0.9 FTE	0.6 FTE
<b>Total Cost</b>	-	<b>\$450,727</b>	<b>\$370,987</b>
<b>Total FTE</b>	-	<b>2.9 FTE</b>	<b>2.6 FTE</b>

*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 1,560 hours of legal services and 0.9 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 \$105,716 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.

## **Effective Date**

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

## **State Appropriations**

The Department of Law requires \$165,890 in reappropriated funds from the Colorado Agricultural Future Loan Program Cash Fund in the Department of Agriculture.

## **State and Local Government Contacts**

Agriculture

Information Technology