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Fiscal Note

Drafting Number:	LLS 21-0881	Date:	May 11, 2021
Prime Sponsors:	Sen. Fenberg; Holbert Rep. Titone; Lontine	Bill Status:	Senate Local Government
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Bill Topic: **COMMUNITY REVITALIZATION GRANT PROGRAM**

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 checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

In FY 2021-22, the bill transfers \$65.0 million from the General Fund to a newly created cash fund to support projects that create or revitalize mixed-use commercial centers. Funds must be used or encumbered by the end of 2022. The bill increases state expenditures through FY 2022-23.

Appropriation Summary: In FY 2021-22, the bill includes an appropriation of \$65.0 million to the Office of Economic Development.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 21-252

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	Cash Funds	\$43.3 million	\$21.7 million
	Total Expenditures	\$43.3 million	\$21.7 million
	Total FTE	1.8 FTE	1.8 FTE
Transfers	General Fund	(\$65.0 million)	-
	Cash Funds	\$65.0 million	
	Net Transfer	\$0	
TABOR Refund		-	-

Summary of Legislation

The bill creates the Community Revitalization Grant Program in the Division of Creative Industries (DCI) in the Office of Economic Development and International Trade (OEDIT). For-profit and nonprofit entities, and local governments may receive grants to support creative projects that revitalize or construct mixed-use commercial centers.

DCI must collaborate with the Division of Local Government in the Department of Local Affairs (DOLA) to administer the grant program, create an application processes, and award grants. DCI must get input from stakeholders as part of the grant application process. DCI may contract out part of its administrative duties to a third party. No later than November 2022, DCI must publish a report on projects receiving grants and present this information during their SMART Act hearing.

On the effective date the bill transfers \$65.0 million from the General Fund to the newly-created Community Revitalization Fund. No more than 4.0 percent of the appropriation may be used for administrative costs. Funds are continuously appropriated but must be encumbered or spent by December 22, 2022. Funds remaining after this date revert to the General Fund. The grant program is repealed January 1, 2025.

State Transfers

On the effective date of the bill, or as soon as possible thereafter, the bill transfers \$65.0 million from the General Fund to the Community Revitalization Fund. This fiscal note assumes that this transfer will occur in FY 2021-22.

State Expenditures

In FY 2021-22 and FY 2022-23, the bill increases expenditures in OEDIT by a total of \$65.0 million from the Community Revitalization Fund. Expenditures are shown in Table 2 and described below. Actual fiscal year expenditures may vary from these estimates. It is assumed that approximately two-thirds of available grants will be encumbered in FY 2021-22, and administrative costs reflect this allocation.

Grant administration. OEDIT will incur administrative costs for the grant program to contract a third party administrative entity, develop program policies, procedures, and guidelines, and for grant management, monitoring, and accounting. Administrative needs include 1.8 FTE in FY 2021-22 and FY 2022-23. Total administrative costs are estimated at up to 4.0 percent of the total appropriation, or \$2.6 million across both fiscal years.

Third party vendor fees. OEDIT will have expenses for a third party administrative entity. The exact cost of the vendor will be determined through the procurement process and has not been estimated, but is assumed to not exceed \$1,500,745 in FY 2021-22 and \$750,372 in FY 2022-23, based on the cap on administrative expenses in the bill.

Grant Awards.

After administrative costs, the bill will award a total of at least \$62.4 million, including \$41.6 million in FY 2021-22 and \$20.8 million in FY 2022-23.

Table 2
Expenditures Under SB 21-252

	FY 2021-22	FY 2022-23
Office of Economic Development (OEDIT)		
Personal Services	\$135,299	\$135,299
Operating Expenses	\$2,700	\$2,700
Capital Outlay Costs	\$12,400	-
Third Party Vendor Fees*	\$1,500,745	\$750,372
Grants	\$41,600,000	\$20,800,000
Employee Insurance and Supplemental PERA	\$30,242	\$30,243
Total Cost	\$43,281,386	\$21,718,614
Total FTE	1.8 FTE	1.8 FTE

*Third party vendor fees may be up to but not exceeding amounts shown.

Local Government

Local governments are eligible to apply for community revitalization grants, which will increase revenue, expenditures, and workload for recipients.

Effective Date

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

State Appropriations

For FY 2021-22, the bill includes an appropriation of \$65.0 million and up to 2.0 FTE to the Office of Economic Development.

State and Local Government Contacts

Counties
Economic Development and International Trade
Municipalities

Information Technology
Local Affairs
Treasury