



**Legislative Council Staff**

*Nonpartisan Services for Colorado's Legislature*

**Revised Fiscal Note**

(replaces fiscal note dated May 11, 2021)

<b>Drafting Number:</b>	LLS 21-0881	<b>Date:</b>	June 2, 2021
<b>Prime Sponsors:</b>	Sen. Fenberg; Holbert Rep. Titone; Lontine	<b>Bill Status:</b>	House Third Reading
		<b>Fiscal Analyst:</b>	Elizabeth Ramey   303-866-3522 Elizabeth.Ramey@state.co.us

**Bill Topic:** **COMMUNITY REVITALIZATION GRANT PROGRAM**

<b>Summary of Fiscal Impact:</b>	<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:** No appropriation is required as funds are continuously appropriated.

**Fiscal Note Status:** This fiscal note reflects the reengrossed bill.

**Table 1  
State Fiscal Impacts Under SB 21-252**

		<b>Current Year FY 2021-22</b>	<b>Budget Year FY 2021-22</b>	<b>Out Year FY 2022-23</b>
<b>Revenue</b>			-	-
<b>Expenditures</b>	General Fund	(\$7.0 million)	\$7.0 million	-
	Cash Funds	-	\$43.3 million	\$21.7 million
	<b>Total Expenditures</b>	<b>(\$7.0 million)</b>	<b>\$50.3 million</b>	<b>\$21.7 million</b>
	<b>Total FTE</b>	-	<b>1.8 FTE</b>	<b>1.8 FTE</b>
<b>Transfers</b>	General Fund	-	(\$65.0 million)	-
	Cash Funds	-	\$65.0 million	-
	<b>Net Transfer</b>	-	<b>\$0</b>	-
<b>TABOR Refund</b>		-	-	-

## **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.

**Small Business Relief Program Transfer.** By June 30, 2021, the bill transfers up to \$7 million of unencumbered or unexpended funds for the Small Business Relief Program in the Department of Local Affairs to the Department of Local Affairs for use by the Division of Local Government in administering the Colorado Main Street Program.

## **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.

The bill also transfers any remaining funding for the Small Business Relief Program to the Department of Local Affairs. This amount is expected to be up to \$7 million.

## **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. The bill also shifts the timing and purpose of \$7.0 million in funding to the Department of Local Affairs.

**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.

**Colorado Main Street Program.** Lastly, the bill shifts \$7.0 million in unused funding for small business relief in FY 2020-21 for use by the Department of Local Affairs for the Colorado Main Street Program in FY 2021-22.

**Table 2  
Expenditures Under SB 21-252**

	FY 2020-21	FY 2021-22	FY 2022-23
<b>Office of Economic Development (OEDIT)</b>			
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
<b>OEDIT Subtotal</b>	-	<b>\$43,281,386</b>	<b>\$21,718,614</b>
<b>FTE</b>	-	<b>1.8 FTE</b>	<b>1.8 FTE</b>
<b>Department of Local Affairs</b>			
Small Business Relief	(\$7,000,000)	-	-
Colorado Main Street Program	-	7,000,000	-
<b>DOLA Subtotal</b>	<b>(\$7,000,000)</b>	<b>7,000,000</b>	-
<b>Total Cost</b>	<b>(\$7,000,000)</b>	<b>\$50,281,386</b>	<b>\$21,718,614</b>
<b>Total FTE</b>	-	<b>1.8 FTE</b>	<b>1.8 FTE</b>

\*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**

No appropriation to the Community Revitalization Fund is required as the fund is continuously appropriated.

In addition, the bill reduces the FY 2020-21 General Fund appropriation to Department of Local Affairs for small business relief by \$7.0 million and increases the FY 2021-22 General Fund appropriation to Department of Local Affairs for the Colorado Main Street Program by \$7.0 million.

## **State and Local Government Contacts**

Counties	Information Technology	Local Affairs
Municipalities	OEDIT	Treasury